

**Draft Red Herring Prospectus****November 27, 2010**

Please read Section 60B of the Companies Act, 1956

Book Building Issue

(The Draft Red Herring Prospectus will be updated upon RoC filing)

**MAX FLEX & IMAGING SYSTEMS LIMITED**

Our Company was originally incorporated as “Silver Digigraph Private Limited” in Mumbai under the Companies Act, 1956 vide Certificate of Incorporation dated October 25, 2002 issued by the Registrar of Companies, Mumbai. The name of the Company was changed to “Max Flex & Imaging Systems Private Limited” vide Fresh Certificate of Incorporation Consequent upon Change of Name dated June 06, 2008. Further, our Company was converted into a public limited company vide Fresh Certificate of Incorporation Consequent upon Change of Name dated September 16, 2010 and subsequently the name of our Company was changed to “Max Flex & Imaging Systems Limited”. The Corporate Identification Number of our Company is U92112MH2002PLC137690. For further details of our Company, please refer to sections titled “General Information” and “History and Other Corporate Matters” on pages 45 and 157 of the Draft Red Herring Prospectus.

**Registered Office:** 102, Prime Plaza, J. V. Patel Compound, Balasaheb Madhukar Marg, Elphinstone (West), Mumbai – 400 013 Maharashtra India**Tel. No.:** +91-22-2438 0160/ 64/ 66; **Fax No.:** +91-22-2438 0152;**Company Secretary and Compliance Officer:** Ms. Neha Salia; **Email:** ipo@maxflex.in, **Website:** www.maxflex.in.**OUR PROMOTERS: MR. HITESH JOBALIA, MR. NIMESH SHAH AND MR. KIRTI DOSHI**

**PUBLIC ISSUE OF 5,310,000\* EQUITY SHARES OF FACE VALUE ₹ 10 EACH OF MAX FLEX & IMAGING SYSTEMS LIMITED (OUR “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER SHARE) AGGREGATING TO ₹ [●] MILLION (THE “ISSUE”). THE ISSUE WILL CONSTITUTE 29.77% OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

*\*Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.*

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH**

**THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER & BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.**

In case of revision in the Price Band, the Bid/ Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bid/ Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”), by issuing a press release and also by indicating the change on the website of the Global Co-ordinator and Book Running Lead Manager (“GC-BRLM”) and on the website of the Book Running Lead Manager (“BRLM”) and on the terminals of the Syndicate and to the SCSBs.

The Issue is being made through a Book Building Process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). Our Company may, in consultation with the GC-BRLM and BRLM, allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

All investors, except Anchor Investors, may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For further details, please refer to chapter titled “Issue Procedure” on page 309 of the Draft Red Herring Prospectus.

**RISK IN RELATION TO THE FIRST ISSUE**

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined and justified by the GC-BRLM and BRLM and our Company as stated under the section titled “Basis for Issue Price” beginning on page 84 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India, nor does the Securities and Exchange Board of India guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 12 of the Draft Red Herring Prospectus.

**ISSUER’S ABSOLUTE RESPONSIBILITY**




Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, BSE shall be the Designated Stock Exchange.

**IPO GRADING**

The Issue has been graded by [●] and has been assigned the [●], indicating [●] through its letter dated [●]. For further details in this regard, please refer to the chapter titled “General Information” on page 45 of the Draft Red Herring Prospectus.

GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER	BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 <p><b>ANAND RATHI ADVISORS LIMITED</b> 11<sup>th</sup> Floor, Times Tower, Kamala Mills, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India <b>Tel. No.:</b> +91-22-4047 7000 <b>Fax No.:</b> +91-22-4047 7070 <b>Website:</b> www.rathi.com <b>Email:</b> max.ipo@rathi.com <b>Contact Person:</b> Mr. Yash Khajanchi / Mr. Gaurav Lohiya <b>SEBI Registration No.:</b> MB/INM000010478</p>	 <p><b>SMC CAPITALS LIMITED</b> 3<sup>rd</sup> Floor, ‘A’ wing, Laxmi Tower, Bandra Kurla Complex, Mumbai - 400 051, Maharashtra, India <b>Tel. No.:</b> +91-22-6138 3838 <b>Fax No.:</b> +91-22-6138 3899 <b>Website:</b> www.smccapitals.com <b>Email:</b> max.ipo@smccapitals.com <b>Contact Person:</b> Mr. Abhishek Gaur <b>SEBI Registration No.:</b> MB/INM000011427</p>	 <p><b>BIGSHARE SERVICES PRIVATE LIMITED</b> E-2 &amp; 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072, Maharashtra, India <b>Tel. No.:</b> +91-22-2847 0652 <b>Fax No.:</b> +91-22-2847 5207 <b>Website:</b> www.bigshareonline.com <b>Email:</b> max.ipo@bigshareonline.com <b>Contact person:</b> Mr. Ashok Shetty <b>SEBI Registration No.:</b> INR000001385</p>
BID/ISSUE PROGRAMME		
BID/ISSUE OPENS ON [●]**		BID/ISSUE CLOSURES FOR QIB BIDDERS ON [●]*
		BID/ISSUE CLOSURES FOR NON-QIB BIDDERS ON [●]

\* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.

\*\* Our Company may consider closing the Bidding by QIBs one day prior to the Bid/ Issue Closing Date subject to the Bid/ Issue Period being open for a minimum of three Working Days.

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## SECTION I - DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, in the Draft Red Herring Prospectus, all references to “Issuer”, “MFISL”, “we”, “us”, “our” and “Company” are to Max Flex and Imaging Systems Limited.

Notwithstanding the definitions and abbreviations included in this section,

- (i) In the section titled “*Our Business*” beginning on page 111 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled “*Financial Statements*” beginning on page 192 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (iii) In the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” beginning on page 258 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- (iv) In the section titled “*Key Industry Regulations and Policies*” beginning on page 151 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.

### Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	Articles of Association of our Company, unless the context otherwise specifies
Auditors/ Statutory Auditors	The statutory auditors of our Company, being D. Kothary & Co., Chartered Accountants
Board/ Board of Directors	The board of directors of our Company or a committee constituted thereof, unless the context otherwise specifies
Director(s)	The director(s) of our Company, unless otherwise specified
Equity Shareholder(s)	Person(s) holding Equity Shares of our Company unless the context otherwise specifies
Face Value	Face value of Equity Shares of our Company
Group Entities	Companies, firms and ventures promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in “ <i>Our Group Entities</i> ” on page 187 of the Draft Red Herring Prospectus
IPO Committee	A committee of the Directors of our Company authorised to take decisions on matters related to or incidental to the Issue
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, unless the context otherwise specifies
Promoters	The promoters of our Company, namely, Mr. Hitesh Jobalia, Mr. Nimesh Shah and Mr. Kirti Doshi
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company at 102, Prime Plaza, J. V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (W), Mumbai – 400 013, Maharashtra, India
Subsidiary(ies)	Amprochem Private Limited and Max Apollo Flex Digital Limited, each referred to as a “Subsidiary” and both being collectively referred to as “Subsidiaries”

### Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with minimum application of ₹100 mn.
Anchor Investor Allocation Notice	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares at the Anchor Investor Issue Price
Anchor Investor Bid/ Issue Period	The day, one working day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the

Term	Description
	GC-BRLM and BRLM
Anchor Investor Portion	Upto 30% of the QIB Portion which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by all Bidders to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB. Syndicate Member/Sub Syndicate Member may also procure ASBA Bid cum Application Form directly from the investors and submit it to the SCSBs.
ARAL	Anand Rathi Advisors Limited
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder(s)	Prospective investors in this Issue who intend to Bid/ apply through the ASBA process
ASBA Bid cum Application Form / ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid, which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus.  Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the respective websites of the Stock Exchanges.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s).  Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms are available for download from the respective websites of the Stock Exchanges.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under “Issue Procedure” on page 309 of the Draft Red Herring Prospectus
Bid(s)	An indication to make an offer during the Bid/ Issue Period by a Bidder, or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.  For the purpose of ASBA Bidders, it means an indication to make an offer during the Bid/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue and in case of ASBA Bidders, the amount mentioned in the ASBA Bid Cum Application Form
Bid/ Issue Closing Date	Except in relation to Anchor Investor, the date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional newspaper, where the Registered Office of our Company is situated, with wide circulation. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/ Issue Closing Date, which shall also be notified in the said advertisement in an English national newspaper, a Hindi national newspaper and a regional newspaper, where the Registered Office of our Company is situated, with wide circulation
Bid/ Issue Opening Date	Except in relation to Anchor Investor, the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in a English national daily newspaper, a Hindi national daily newspaper and a regional newspaper, where the Registered Office of our Company is situated, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form (as applicable)
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring

Term	Description
	Prospectus and the Bid cum Application Form including an ASBA Bidder who Bids through ASBA Bid cum Application Form
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (except Anchor Investors) and the ASBA Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Book Building Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM/ Book Running Lead Manager	SMC Capitals Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
CAN/ Confirmation of Allotment Note	Note or advice or intimation of Allotment sent to the successful Bidders indicating the Equity Shares Allotted after Basis of Allotment has been approved by the Designated Stock Exchange
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted
Compliance Officer	The Company Secretary of our Company, being Ms. Neha Salia
Controlling Branch	Such branches of the SCSBs which coordinate under this Issue by the ASBA Bidders with the GC-BRLM, the BRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
CRISIL	CRISIL Limited
CRISIL Report	A commissioned report prepared and provided by CRISIL Limited for the purposes of the Draft Red Herring Prospectus titled “ <i>Customised Research on Printing Consumables Industry</i> ” on the assessment of the industry of printing consumables and their applications
Cut-off Price	Any price within the Price Band finalised by our Company in consultation with the Global Co-ordinator and Book Running Lead Manager and Book Running Lead Manager. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding ₹0.20 mn. No other category of Bidders are entitled to Bid at the Cut-off Price
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Designated Branch	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated November 27, 2010 issued in accordance with Section 60B of the Companies Act and SEBI ICDR Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares would be issued and the size of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Equity Shares	Equity shares of our Company of ₹ 10 each, fully paid up, unless otherwise specified in the context thereof
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (except ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the GC-BRLM, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
First / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
GC-BRLM/ Global Co-ordinator and Book Running Lead Manager	Anand Rathi Advisors Limited
Issue	This public issue of 5,310,000 Equity Shares at the Issue Price by our Company
Issue Agreement	The agreement dated November 22, 2010 entered into among our Company and the



Term	Description
	GC-BRLM and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Global Co-ordinator and Book Running Lead Manager and Book Running Lead Manager on the Pricing Date
Issue Proceeds	The gross proceeds of the Issue that would be available to our Company
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the Net QIB Portion or 92,925 Equity Shares available for allocation to Mutual Funds, out of the Net QIB Portion
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses, see “ <i>Objects of the Issue</i> ” on page 69 of the Draft Red Herring Prospectus
Net QIB Portion	The portion of the QIB Portion, less the number of the Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for a cumulative amount more than ₹ 200,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 796,500 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Pay-in-Period	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period and if the price fixed as a result of Book Building is higher than the price at which the allocation is made to Anchor Investor, the Anchor Investor shall bring in the additional amount. For Bidder other than Anchor Investors, the period commencing on the Bid Opening Date and continuing till the Bid Closing Date
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the GC-BRLM and BRLM and advertised at least two working days prior to the Bid/ Issue Opening Date, in an English daily national newspaper, a Hindi daily national newspaper and a regional newspaper each, where the Registered Office of our Company is situated, with wide circulation
Pricing Date	The date on which our Company in consultation with the GC-BRLM and BRLM, finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue by our Company to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 mn, pension fund with minimum corpus of ₹ 250 mn, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India
QIB Portion	The portion of the Issue being not more than 2,655,000 Equity Shares required to be allocated to QIBs
Red Herring Prospectus	The red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made

Term	Description
Refund Bank	[•]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS/ NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Registrar to this Issue, in this case being Bigshare Services Private Limited
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Issue being not less than 1,858,500 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Sub Syndicate Member	A SEBI Registered member of BSE and/ or NSE appointed by the GC-BRLM and/ or BRLM and/ or Syndicate Member to act as a Sub Syndicate Member in the Issue
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank or SCSBs	Self Certified Syndicate Bank is a Banker to an Issue registered with SEBI which offers the facility of making a Applications Supported by Blocked Amount and recognised as such by SEBI, a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Stock Exchanges	The BSE and the NSE
Syndicate	The GC-BRLM and BRLM, the Syndicate Members and the Sub Syndicate Members
Syndicate Member(s)	An intermediary registered with the SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [•]
Syndicate Agreement	The agreement to be entered into between the GC-BRLM and BRLM along with the Syndicate Members and our Company in relation to the collection of Bids (excluding Bids by ASBA Bidders) in this Issue
Transaction Registration Slip/ TRS	The slip or document issued by member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Global Co-ordinator and Book Running Lead Manager, the Book Running Lead Manager and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	Unless the context otherwise requires:  (i) Till the Bid/ Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post Bid/ Issue closing date: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business
"you", "your" or "yours"	All such references are to the Bidders to the Issue, unless the context otherwise specifies

## Technical/Industry Related Terms / Abbreviations

Term	Description
Business to Business (B2B)	Describes commerce transactions between businesses
Business to Customer (B2C)	Business to Customer a transaction that occurs between a company and a consumer
CISS	Method of advising large volumes of liquid ink to desktop and large format Inkjet print heads
CMYK	Abbreviation for cyan, magenta, yellow and key (black), the four process colors.
Coated Paper	Paper with clay or other coating applied to one or both sides is coated paper. The coating can be Gloss, Mate, Semi Gloss and other Finishes.
CTP	Imaging techniques used in modern printing process. In this technology an image or text is created on a computer and the output is processed directly to a printing Plate.
DPI	Dots per inch (DPI) is a measure of spatial printing or video dot density, in particular the number of individual dots that can be placed in a line within the span of 1 inch (2.54 cm)
Eco-solvent Media	Media specifically used in printing involving eco- solvent ink, mainly in indoor advertising.
FOGRA	Foundation of a German Society for the promotion of research in graphic art industry. They are very actively involved in maintaining several ISO standards (ISO TC 130) concerning color management and printing

Graphic Arts Film/ Negative Film	Graphic art film is also known as Negative Film. It is a negative film whose emulsion yields high contrast images suitable for reproduction by a printing press
GSM	Grams per square meter in measurement. It is the measure of the weight and type of paper
ICC Profile	An ICC profile is a set of data that characterizes a color input or output device, or a color space, according to standards promulgated by the International Color Consortium
Imagesetter	An ultra high resolution large format computer output device. Its output ranges in width usually between 12 and 44 inch and the resolution of an imagesetter is typically between 1200 and 4800 DPI
Ink Jet Printing	Method of printing by spraying droplets of ink through computer-controlled nozzles. Also called jet printing.
Laminate	A thin transparent plastic sheet (coating) applied to usually a thick stock (covers, post cards, etc.) providing protection against liquid and heavy use, and usually accents existing color, providing a glossy (or lens) effect.
Lithography	Method for printing using an aluminum plate to print text or artwork, graphics onto paper or another suitable material. It makes use of simple chemical process to create an image.
Matte Finish	Flat (not glossy) finish on photographic paper or coated printing paper.
Offset Printing	Printing technique that transfers ink from a plate to a rubber blanket to the printing surface.
Original Design Manufacturers (ODM)	An original design manufacturer (ODM) is a company which designs and manufactures a product which is specified and eventually branded by another firm for sale. Such ODMs allow the foreign company providing product specifications, to manufacture without having to engage in the organization or running of a factory.
OOH/ out of home	Form of advertising that reaches the consumer while he or she is outside the home.
Photo Paper	Paper coated with light sensitive chemicals, used for making photographic prints.
Positive Film	Film that prevents light from passing through images.
Prepress	Processes and procedure that occur between the creation of a print layout and the fund printing. The pre-press includes processes like typesetting, copy-editing, proofing, proofreading.
Printing	Any process that transfers to paper or another substrate an image from an original such as a film negative or positive, electronic memory, stencil, die or plate.
Printing Plate	Device that carries the image to be printed and is applied directly to paper or an intermediate image carrier in order to transfer the image to paper.
PS Plates	Plate used in offset lithography that has been pretreated with a light-sensitive coating
Raster Image Processor (RIP)	Raster image or bitmap is a data structure representing a generally rectangle grid of pixels or points of colour viewable by a monitor paper or other display medium.
Satin Finish	Alternate term for dull finish on coated paper.
Scanner	Device that optically scans images and printed texts, and converts it to a digital image.
Solvent Media	Media specifically used in printing involving solvent ink, mainly in outdoor advertising.
UV Coating	Means ultra-violet coating of paper.

### Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPLR	Bank Prime Lending Rate
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CIN	Corporate Identification Number
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation and extraordinary items



Term	Description
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a Fiscal divided by the weighted average outstanding number of Equity Shares at the end of that Fiscal
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IEC	Import Export Code
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
I.T. Act	The Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
MICR	Magnetic Ink Character Recognition
MIDC	Maharashtra Industrial Development Corporation
mn/ mn.	Million
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued Equity Shares
NCR	National Capital Region
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Mumbai
RONW	Return on Net Worth
Rs./ ₹/ Rupees/ INR	Indian Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement

Term	Description
SAARC	South Asian Association for Regional Co-operation
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended
State Government	The government of a state of the Union of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
sq. m./ sq. mtrs./ sqm.	Square meter(s)
TAN	Tax Deduction Account Number
TIN	Tax Payers Identification Number
UIN	Unique Identification Number
US/ USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US\$/ U.S.\$/ \$/ U.S. Dollars	United States Dollars, the official currency of the United States of America
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996
WOS	Wholly Owned Subsidiary
YoY	Year on Year

## SECTION II - GENERAL

### PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

#### Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in the Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions.

#### Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited consolidated financial statement for the three month period ended June 30, 2010 and audited standalone financial statements for the Fiscals 2006, 2007, 2008, 2009 and 2010 and for the three month period ended June 30, 2010 prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations and Indian GAAP which are included in the Draft Red Herring Prospectus, and set out in “*Financial Statements*” on page 192. Our Fiscal commences on April 1 and ends on March 31 of the next year. In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and to the investors shall consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited.

#### Industry and Market Data

The section titled “*Industry Overview*” quotes and otherwise includes information from a commissioned report, or the CRISIL Report, prepared by CRISIL Limited for purposes of the Draft Red Herring Prospectus. We have not commissioned any report for purposes of the Draft Red Herring Prospectus other than the CRISIL Report. We commissioned CRISIL’s research division to provide an independent assessment of the opportunities, dynamics and competitive landscape of the printing consumables and their applications.

Except for the CRISIL Report, market and industry related data used in the Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

The extent to which the market and industry data used in the Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

#### Currency of presentation

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “Million” means “Ten Lacs” and the word “Crore” means “ten Million” and the word “Billion” means “One thousand Million” and the word “Trillion” means “One thousand Billion”. In the Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

All references to “Rs.”, “Rupees”, “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

## FORWARD LOOKING STATEMENTS

All statements contained in the Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “might”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, among others:

1. Implementation risks involved in our projects;
2. Significant changes in the exchange rate;
3. Increase in freight, interest rates, etc.;
4. Increase in cost of power or other fuel;
5. Competition from existing players;
6. Working capital arrangements;
7. Growth of unorganized printing consumables sector;
8. General economic and business conditions;
9. Changes in laws and regulations relating to the industry in which we operate;
10. Disruption in supply of products/ raw materials;
11. Changes in political and social conditions in India, the monetary and interest rate policies in India and/ or other countries, inflation, deflation, anticipated turbulence in interest rates, equity prices or other rates or prices;
12. Imposition of any anti- dumping duties in the Industry in which we operate;
13. Changes in prices of raw materials;
14. Our ability to successfully implement our strategy, growth and expansion plans;
15. The outcome of legal or regulatory proceedings that we are or might become involved in;
16. Contingent liabilities, environmental problems and uninsured losses;
17. Government approvals;
18. Changes in government policies and regulatory actions that apply to or affect our business;
19. Developments affecting the Indian economy;
20. Ability to retain appropriate personnel;
21. Uncertainty in global financial markets; and
22. Occurrence of natural disasters or calamities affecting the areas in which our Company has its operations.

For further discussion of factors that could cause our actual results to differ from our expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 12, 111 and 258 of the Draft Red Herring Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as of the date of the Draft Red Herring Prospectus. Neither our Company, our Directors and officers, the GC- BRLM and BRLM nor any of the Syndicate Members nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the GC- BRLM and BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.



## SECTION III - RISK FACTORS

*An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in the Draft Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in the Draft Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in the Draft Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.*

### **Materiality**

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

- 1. Some risks may not be material individually but may be material when considered collectively.*
- 2. Some risks may have an impact which is qualitative though not quantitative.*
- 3. Some risks may not be material at present but may have a material impact in the future.*

### **INTERNAL RISK FACTORS**

- 1. *We depend on our ODMs for our products, and our business operations and financial conditions could suffer if we fail to manage them properly.***

Our operations depend on our ability to anticipate our needs for products and our ODMs' ability to deliver sufficient quantities of quality products at reasonable prices in time for us to meet critical schedules. Given the wide variety of products that we offer and the fact that our ODMs are dispersed across Asia, and the long lead times that are required to manufacture and deliver certain products, problems could arise in planning production and managing inventory levels that could seriously harm us. Other problems that we could face include products shortages, excess supply, risks related to our relationships with single source ODM and risks related to the terms of our contracts with ODMs, as described below.

- *Shortages.* Occasionally we may experience a shortage of, or a delay in receiving, certain products as a result of strong demand or spurt in demand for products in certain periods, capacity constraints of ODMs, ODMs' financial weaknesses, disputes with ODMs, disruptions in the operations of ODMs, other problems experienced by ODMs or problems faced during the transition to new ODMs. In particular, our printing media business relies heavily upon ODMs to manufacture products required by us and is therefore dependent upon the continuing operations of those ODMs to fulfil demand for our products. If shortages or delays persist, the price of these products may increase, we may be exposed to quality issues or the products we require may not be available at all. We may not be able to secure enough products at reasonable prices or of acceptable quality to provide products in a timely manner in the quantities or according to the specifications provided by us. Accordingly, our revenue and gross margin could suffer as we could lose time-sensitive sales, incur additional freight costs or be unable to pass on price increases to our customers.

- *Oversupply.* In order to secure provision of products, at times we may make advance payments to ODMs. In addition, we may get our products contract manufactured strategically in advance of demand to take advantage of favorable pricing or to address concerns about the availability of future products. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess products, which could adversely affect our operations.

- *Single source ODMs.* Our use of single source ODM for certain products could exacerbate our ODM or worsen our supply issues. We obtain a significant number of products from single sources due to technology, availability, quality or other considerations. New products that we introduce may utilize custom products obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single source could delay production of some products as replacement initially may be subject to capacity constraints or other output limitations. The loss of a single source ODM, the deterioration of our relationship with a single ODM, or any unilateral modification to the contractual terms under which we are supplied products by a single ODM could adversely affect our revenue and gross margins.

• *Contractual terms.* Many of our competitors may obtain products from the same ODMs that we rely on. Our competitors may obtain more favourable terms and more favorable allocations of products during periods of limited supply, and our ability to engage in relationships with certain ODMs could be limited. In addition, certain of our ODMs may decide in the future to discontinue conducting business with us. Any of these actions by our competitors or ODMs could adversely affect our future operating results and financial condition.

2. ***Our Company has entered into an investment agreement and technical assistance agreement with our strategic partner, Shanghai Lanquan Plastic Products Company Limited. If our strategic partner is unable to, or fails to fulfil its obligations under the aforementioned agreements, our Company's ability to execute the proposed projects to be funded from the Issue Proceeds may be adversely affected.***

Our Company has entered into an Investment Agreement dated November 03, 2010 and Technical Assistance Agreement dated November 03, 2010 with our strategic partner, Shanghai Lanquan Plastic Products Company Limited ("LQ"). LQ's obligations under the said agreements involve *inter alia* participating in and subscribing to the equity share capital of our Subsidiary, Max Apollo Flex Digital Limited and providing technical assistance and support for the manufacturing units proposed to be set up by our Company. If LQ is unable to, or fails to fulfil its obligations under the aforementioned agreements, our Company's ability to execute the proposed projects to be funded from the Issue Proceeds may be adversely affected. For details of the Investment Agreement and Technical Assistance Agreement entered into by our Company with LQ, please see the chapter titled "History and Other Corporate Matters" on page 157 of the Draft Red Herring Prospectus.

3. ***We or our Subsidiaries have, and in the future may, enter into new manufacturing activities in which we may have limited or no operating experience. Our limited experience in such new manufacturing activities may adversely affect our success and results of operation.***

We intend to set up manufacturing units for flex, inks, PVC Rigid Sheets and PP Hollow Sheets, and lamination and coating, of which we have limited operating experience. Our future success will depend on our ability to develop new service offerings pursuant to such manufacturing units being set up, to meet client needs. We may not be successful in anticipating or adequately responding to these advances in a timely basis due to lack of experience, or if we do respond, the services we develop may not be successful in the market place. Our limited experience in such new businesses may adversely affect our success and results of operation.

4. ***Our Company has not yet placed orders for plant and machinery, equipment etc. for the proposed project as specified in the Objects of the Issue. Any delay in placing the orders or in procurement of plant & machinery, equipment etc. may delay the implementation schedule as also increase in prices of these equipments. This may further affect the project cost and in turn, our Company's revenue and profitability.***

The net proceeds of the Issue are proposed to fund the planned expansion as set forth in the chapter titled 'Objects of the Issue' beginning on page 69 of the Draft Red Herring Prospectus. Our Company has not yet placed orders for any plant and machinery or any equipment for the proposed project. Any delay in placing the orders or procurement of plant and machinery, equipment, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting the project cost and in turn, our Company's, revenue and profitability. Furthermore, we propose to import most of the machinery required for the proposed project; delivery of certain machinery to our manufacturing unit site would involve a period of a year or more from the date on which the supplier of such machinery confirms the execution of the order placed by our Company.

5. ***Our Company has, in Fiscal 2008, acquired the businesses of 3 partnership firms viz. M/s. Max Traders, M/s. Max Convertors and M/s. Silver Graphics pursuant to which the business (including assets and liabilities) of the said firms were to be transferred to our Company. However, some of the immovable properties owned by these firms have not been conveyed to our Company as on the date of the Draft Red Herring Prospectus.***

Our Company has, in Fiscal 2008, acquired the business (including assets and liabilities) of 3 partnership firms viz. M/s. Max Traders, M/s. Max Convertors and M/s. Silver Graphics from the firms' partners namely Mr. Hitesh Jobalia and Ms. Dipti Jobalia. While our Company has, pursuant thereto, acquired the liabilities and moveable properties of these firms no deeds of conveyance have been executed for the conveyance of the immovable properties of the aforementioned firms to our Company as on the date of the Draft Red Herring Prospectus. For details of the manner of acquisition of the aforementioned firms' business by our Company, please see the sections titled "Capital Structure" and "History and Other Corporate Matters" on pages 55 and 157 of the Draft Red Herring Prospectus.

**6. *The regulatory approvals for the proposed projects are yet to be applied and any delay or non-receipt of such approvals may delay the proposed expansion plans.***

As on date of filing the Draft Red Herring Prospectus, we have not applied for the licenses in relation to the Objects of the Issue. We cannot assure that we would be able to apply for these licenses/approvals/permissions in a timely manner, or that we would be granted such licenses/approvals/permissions in a timely manner or at all. Such grant may also be subject to restrictions and/or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition. For further details pertaining to the licenses / approvals / permissions, please refer to the chapter titled 'Government and other Statutory Approvals' beginning on page 282 of the Draft Red Herring Prospectus.

**7. *Certain unsecured loans taken by our Company may be recalled by our lenders at any time. We also do not have access to agreements which may have been entered into by our Company with certain lenders and accordingly, we can not assure/ confirm that we are in compliance with restrictive covenants included in such agreements.***

Unsecured loans amounting to ₹ 7.20 mn. outstanding as on November 15, 2010 taken by our Company may be recalled by our lenders at any time. Any failure to service our indebtedness, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. We also do not have access to agreements which may have been entered into by our Company with certain lenders and accordingly, we can not assure/ confirm that we are in compliance with restrictive covenants included in such agreements. For details of our indebtedness, please refer to the chapter titled "Financial Indebtedness" on page 249 of the Draft Red Herring Prospectus.

**8. *There are certain audit qualifications in the auditor's reports of our Company for Fiscals 2007, 2008 and 2009***

There are certain audit qualifications in the auditor's reports of our Company for Fiscals 2007, 2008 and 2009:

***Fiscal 2007:***

*"In our opinion, the Company did not have an internal audit system commensurate with the size and nature of its business."*

***Fiscal 2008:***

*"In our opinion, the Company did not have an internal audit system commensurate with the size and nature of its business."*

*"According to information and explanation given to us, there was no undisputed amounts payable, other than CST/VAT tax, tax deducted at source, professional tax, as on March 31, 2008, for a period of more than six months from the date they become payable"*

***Fiscal 2009:***

*"In our opinion, the Company did not have an internal audit system commensurate with the size and nature of its business."*

**9. *Our success is dependent on our distribution and marketing arrangements, for the sale and distribution of our products and on our relationship with our customers. If any of these arrangements is terminated for any reason, our business, financial condition and results of operations may be adversely affected.***

We have been marketing our products to the domestic market and the success of our business relies, in part, on relationships with our customers directly and agencies through whom we market our products. Termination or breach of such arrangements could amount to delay in supply of goods and collection of payments, this could in turn result in our Company's relationship with the customers deteriorating and may have an adverse effect on our business, financial condition and results of operations.

**10. Our Company's may not be able to maintain or further develop our distribution network; the same can adversely affect our revenues.**

We sell our products with the help of a wide distribution network of branches, C & F agents and various dealers/distributors across India. In case we are not able to maintain our existing distribution network or to expand it further, can adversely affect our growth and revenues. In case we are not able to market our products or cater to our customers' requirements in a timely manner, it may affect our results of operation and financial condition adversely.

**11. Our Promoters and Directors have interest in our Company other than reimbursement of expenses incurred or normal remuneration or benefit, including amounts payable as rent/ lease by our Company for certain properties taken on leasehold basis from our Promoters.**

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them or their relatives or our Group Entities, and benefits arriving from their directorship in our Company and our Subsidiaries. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities, including amounts payable as rent/ lease by our Company for certain properties taken on leasehold basis from our Promoters. For further details, please refer to the chapters titled "Our Business", "Our Management" and "Our Promoters and Promoter Group", beginning on pages 111, 169, 169 and 187, respectively and the section titled "Financial Statements" beginning on page 192 of the Draft Red Herring Prospectus.

**12. Our Industry is subject to imposition of anti- dumping duties. Imposition of such duties or changes in the regulatory policies applicable to us may adversely affect our business.**

The Government of India through the Ministry of Finance, Department of Revenue vide its notification number 79/2010-Customs dated July 30, 2010 ("Notification") has, in exercise of the powers conferred by sub-section (2) of section 9A of the Customs Act read with rules 13 and 20 of the Customs Tariff Rules, has on the basis of the aforesaid findings of the designated authority, imposed on the goods, an anti-dumping duty on PVC Flex Film originating from People's Republic of China and exported from People's Republic of China and produced by any producer and exported by any exporter and imported into India. Imposition of such duties or changes in the regulatory policies applicable to us may adversely affect our business. For further details regarding anti dumping regulations please see the section titled "Key Industry Regulations and Policies" beginning on page 151 of the Draft Red Herring Prospectus.

**13. Our Company has negative net operating cash flows in the past years, details of which are given below. Sustained negative net operating cash flow could impact our growth and business.**

(₹ in mn.)

Particulars	Fiscal				
	2008	2009	2010	Three month period ended June 30, 2010	
Net cash flow from operating activities	(303.87)	(138.61)	(66.22)	77.20	
Net cash flow from investing activities	(34.77)	(155.63)	(72.66)	(11.59)	
Net cash flow from financing activities	346.30	301.71	150.08	(78.65)	

Cash flow of a company is a key indicator to show the extent of cash generated from operations of our Company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to the section titled "Financial Statements" and chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 192 and 258 of the Draft Red Herring Prospectus respectively.

**14. Our operations are subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations.**


Our business requires significant amount of working capital. In many cases, significant amount of our working capital is required for purchasing and maintaining of stock of goods.

These materials are purchased locally or imported from China and South Korea. Though, presently we have sanctioned working capital limits from the existing bankers, we may need to incur additional indebtedness in the future to satisfy our working capital needs. All these factors may result in increase in the quantum of our current assets and short-term borrowings. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our financial condition and results of operations.

***15. In the event of abnormal/exceptional circumstances, our Company may experience significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.***

Normally, we deliver a significant portion of our products against future payment. We usually extend longer credit terms to our clients ranging from 90-120 days. Our customers include the corporate print-houses, advertising agencies and newspaper and magazine publishers. While our Company has not experienced any significant bad debt losses in the past, in the event of certain abnormal/exceptional circumstances, there may be significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.

***16. We permit the use of some of our trade marks by some of our third party manufacturers, contract manufacturers and ODMs; adverse business developments or litigations involving such entities may adversely affect our brand value and consequently, our business***

We have entered into certain third party manufacturing agreements and contract manufacturing agreements which allow other entities to use our trademark  for products manufactured for us. Our inability to exercise sufficient control over products manufactured by such entities or use of the trade marks by such entities may adversely affect our business. Further, adverse business developments or litigations involving the use of such trade marks by such entities or involving products manufactured by such entities may adversely affect our brand value and consequently, our business.

***17. Various trademarks pertaining to our products are not registered and it may lead to the dilution of our trademarks and limits our ability to defend our trade marks in infringement or passing off proceedings.***

We have filed various trademark applications pertaining to our products under various classes under the Trade Marks Act, 1999 and these applications are currently pending. There can be no assurance that our trademark applications will be accepted and the trademarks will be registered. Further, our applications for the registration of certain trademarks may be opposed by third parties, and we may have to incur significant cost in relation to these oppositions. In the event we are not able to obtain registrations or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection and legal remedies (in case of infringement) or prohibit un-authorised use of such mark by third parties by means of statutory protection, available as a proprietor of registered trademarks.

***18. Our Company's Registered Office is taken by our Company on leasehold basis from our Promoter, Mr. Hitesh Jobalia and any termination of the lease and/or non renewal could adversely affect our operations.***

Our Registered Office situated at 102, Prime Plaza, J. V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (West), Mumbai – 400 013, Maharashtra, India are taken on leasehold basis from Mr. Hitesh Jobalia for a period of 3 years and is due to expire on September 30, 2013. If we are unable to renew the leasehold agreement on favourable terms or at all, we may suffer a disruption in our corporate affairs and business.

***19. We have in the last 12 months issued Equity Shares at a price which may be lower than the Issue Price.***

The details of issue of Equity Shares in the past 12 months, which may have been made at a price lower than the Issue Price, are as follows:



Date of Allotment	Name of Allottee	Nature of Allotment	No. of Equity Shares	Face Value per Equity Share (in ₹.)	Issue Price per Equity Share (in ₹.)	Consideration
December 31, 2009	First Stock & Bond Trading Company Private Limited	Preferential allotment to others	25,000	10	200.00	Cash
December 31, 2009	Terry Towel Industries Limited	Preferential allotment to others	7,500	10	200.00	Cash
March 31, 2010	Shyam Star Gems Limited	Preferential allotment to others	94,834	10	200.00	Cash
August 5, 2010	Mr. Bhavesh Domadia	Preferential allotment to employees	20,000	10	10.00	Cash
	Mr. Tapas Kumar Chattopadhyay		1,000	10	10.00	Cash
	Mr. Deepak Patel		1,000	10	10.00	Cash
	Mr. Nilesh Thole		1,000	10	10.00	Cash
	Mr. Ramesh Gondal		1,000	10	10.00	Cash
	Mr. Amit Kulkar		1,000	10	10.00	Cash
	Mr. Muthuswamy Bala Subramaniam		1,000	10	10.00	Cash
	Mr. Rajendra K.S.K Raman		1,000	10	10.00	Cash
	Mr. Sanjay Chandulal Shah		1,000	10	10.00	Cash
	Mr. Jayesh Manilal Vora		1,000	10	10.00	Cash
	Mr. Vinod Rameshwar Nagi		2,500	10	10.00	Cash
	Mr. Prashant Giridhar Menon		2,500	10	10.00	Cash
	Mr. Jaspal Katrora Singh		2,500	10	10.00	Cash
	Mr. Amish Gandhi		3,000	10	10.00	Cash
	Mr. P.R. Ramnarayan		1,000	10	10.00	Cash
	Mr. P.S. Krishnan		1,000	10	10.00	Cash
	Mr. L.V. Sankar Narayan		1,000	10	10.00	Cash
	Mr. Venkatraman Bhaskar		1,000	10	10.00	Cash
	Mr. Chandramouli Nagrajan		1,000	10	10.00	Cash
	Mr. Ammula Hame Venkata Giribabu		1,000	10	10.00	Cash
	Mr. Chittekodath Cleatus		1,000	10	10.00	Cash
	Mr. Ayush Tiwari		1,000	10	10.00	Cash
	Mr. Nishith Sheth		2,500	10	10.00	Cash
November 12, 2010	Mr. Paresh Zaveri	Preferential allotment to others	150,000	10	180.00	Cash
	Ms. Sonal Koradia (jointly with Ms. Vasumati Koradia)		50,000			
	Mr. Abhinav Daga		27,000			
	Mr. Ajay Sarupria		75,000			

Further, our Company has also made a bonus issue on September 27, 2010 of 4,074,917 Equity Shares. For further details please see the chapter titled “*Capital Structure*” on page 55 of the Draft Red Herring Prospectus.

- 20. Our Company is yet to enter into definitive agreement for purchase / lease of properties at locations where we propose to set up industrial showrooms. Any delay in execution of such agreements may affect our operations and in turn adversely affect our Company's revenue and profits.**

Our Company has not identified properties in cities where we intend to setup the showrooms. Any delay in setting up these industrial showrooms or placing the orders for procurement of furniture or fixtures and other equipments required may delay our proposed expansion plans thus adversely affecting our revenue and profits. Any variation between the estimated cost and the actual cost borne by our Company may affect the cost earmarked for setting up of operations in these locations.

- 21. Our Company did not comply with Section 383(A) of the Companies Act, 1956 regarding the appointment of whole time company secretary for the Fiscals 2008, 2009 and 2010. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.**

The paid up capital of our Company exceeded ₹ 50.00 mn. on March 29, 2008 pursuant to which our Company was required to comply with Section 383(A) of the Companies Act in as much as appointing a whole-time company secretary became mandatory. Our Company did not comply with Section 383(A) of the Companies Act, 1956 regarding the appointment of whole-time company secretary for the Fiscals 2008, 2009 and 2010. However, our Company has since appointed Ms. Neha Salia on September 27, 2010 as Company Secretary.

Our Company may be liable to imposition of punishment in the form of penalties by the RoC for failure to comply with Section 383A of the Companies Act during the abovementioned period.

- 22. We operate in an unorganized industry and face significant competition, and if we are not able to compete effectively, our business, results of operations and financial condition will be adversely affected.**

The Industry we operate in, i.e. the printing consumables industry is highly unorganized and intensely competitive. In each of our markets, we face competition primarily from the unorganized market and MNCs. In the event of price competition from our competitors, we may be required to reduce the price of our products while maintaining quality standards and our Company may not always be able to do so. Some of our competitors may have greater financial resources, generate higher revenues, and therefore, be able to better respond to market changes and shifts in consumer spending patterns and changes in consumer sentiments and tastes. They also may be in a better position than us to sustain losses in revenue due to pricing pressures. Accordingly, we cannot be certain that we will be able to compete effectively with these competitors or that we will not lose customers to these competitors. If we are not able to compete effectively, our business, results of operations and financial condition could be adversely affected.

- 23. Our Company and Group Entities are involved in certain legal proceedings. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect their business and results of operations**

Our Company and Group Entities are involved in certain legal proceedings and claims in relation to certain civil and tax matters incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us/them liable to liabilities/penalties and may adversely affect their business and results of operations. A classification of these legal and other proceedings are given in the following table:

Entity involved in the litigation	Civil cases	Criminal cases	Tax cases	Financial implications (₹ in mn)*	Potential Litigations	Financial implication (₹ in mn)*
<b>Our Company</b>						
Litigations by our Company	Nil	Nil	01	2.33	01	0.53
Litigations against our Company	Nil	Nil	01	1.37	Nil	Nil
Total number of cases	Nil	Nil	02	3.70	01	0.53
<b>Promoters and/ or Directors</b>						
Litigations by Promoters and/	Nil	Nil	Nil	Nil	Nil	Nil

or Directors						
Litigations against Promoters and/or Directors	Nil	Nil	Nil	Nil	Nil	Nil
Total number of cases	Nil	Nil	Nil	Nil	Nil	Nil
<b>Our Subsidiaries and Group Entities</b>						
Litigations by our Subsidiaries and other Group Entities	Nil	Nil	Nil	Nil	Nil	Nil
Litigations against our Subsidiaries and other Group Entities	Nil	Nil	Nil	Nil	06	0.62
Total number of cases	Nil	Nil	Nil	Nil	06	0.62
<b>Litigations Filed By/ Against Other Entities, Which Have Material Implications To Our Business</b>						
Litigations filed against other entities, which have material implications to our business	Nil	Nil	Nil	Nil	Nil	Nil

*\*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties/interests/costs are at the discretion of the court/tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is/are pending.*

- 24. We have contingent liabilities in our balance sheet, as restated, as at June 30, 2010 and Fiscal 2010. Further our Company may be subject to certain penalty proceedings in respect of ongoing tax litigations and our Company has not presently provided for such penalties which may be imposed. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition**

The following are the contingent liabilities in our balance sheet, as restated, as at Fiscal 2010 and as at June 30, 2010. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition:

(₹ in mn)				
Particulars	As at June 30, 2010 (consolidated)	As at June 30, 2010 (standalone)	Fiscal 2010 (standalone)	
Commissioner Appellate Proceedings in respect of A. Y. 2006-07	2.33	2.33		2.33
Tribunal Appellate Proceedings in respect of A. Y. 2003-04	1.37	1.37		1.37

The contingent liabilities of our Company arise as our Company is party to certain tax litigations pending before various tribunals and our Company may also be subject to imposition of penalty by the Income Tax Department in relation to such litigations. Our Company has not made provision for such penalties as may be imposed in its contingent liabilities as the amount of penalty which may be imposed is not quantifiable.

- 25. We have applied for certain licenses/approvals, which we are yet to receive and we are yet to apply for certain licenses/approvals. Delay in receipt of such licenses/approvals may adversely affect our business/operations.**

There are certain licenses / approvals incidental or ancillary to our business for which we have applied and which are yet to be obtained/for which we are yet to apply. Delay in receipt of such licenses/approvals may adversely affect our business/operations. Details of the same are as follows:

## Applications made for licenses to be renewed

No.	Type of license or approval	Date of expiry of license	Date of application	Authority whom application is made before	the
<b>BRANCH OFFICE AT 57M/07, KHANDESH COMPLEX, JALGAON-425 001, MAHARASHTRA</b>					
1.	Application for certificate of establishment issued under Mumbai Shops and Establishments Act, 1948	NA		Inspector under the Mumbai Shops and Establishments Act, 1948	
2.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Jalgaon	Director, State
<b>BRANCH OFFICE AT SHOP NUMBER 5 AND 6, AGRAWAL PRIDE, 1308 KASBA PETH, NEAR SURYA HOSPITAL, PUNE- 411 011, MAHARASHTRA</b>					
3.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	July 03, 2010	Regional Employees Insurance Corporation, Pune	Director, State
<b>BRANCH OFFICE AT PLOT NUMBER 20, BAJIRAO NAGAR, TIDKE COLONY, NASIK</b>					
4.	Application for coverage of Nasik branch office in Mumbai regional office under Employees State Insurance Act, 1948	NA	November 23, 2009	Regional Employees Insurance Corporation, Nasik	Director, State
<b>BRANCH OFFICE PLOT NUMBER C-5, 6, 7 AND 8, CLASSIC ARCADE, UPENDRA NAGAR, AMBAD, NASIK, MAHARASHTRA, INDIA</b>					
5.	Application for certificate of establishment Shops and Establishments Act, 1948	NA	October 25, 2010	Shop Inspector, Nasik	
<b>BRANCH OFFICE AT G.D. COMPOUND, PATTHAR MUNDLA ROAD, PALDA, INDORE, MADHYA PRADESH, INDIA</b>					
6.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Indore	Director, State
7.	Application for registration under Madhya Pradesh Profession Tax Act, 1995	NA	November 18, 2010	Profession Tax Assessing Authority, Circle-13, Indore	
<b>BRANCH OFFICE AT OFFICE/GODOWN, GROUND FLOOR, PLOT NUMBER-1-2-54/3/1, DOMALGUDA, HYDERABAD-29, ANDHRA PRADESH, INDIA</b>					
8.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Hyderabad	Director, State
<b>BRANCH OFFICE AT GALA NUMBER 2, GROUND FLOOR, SADHANA INDUSTRIAL ESTATE, C.T.S NUMBER 471,VILLAGE- OSHIWARA, TALUKA- ANDHERI, MAHARASHTRA, INDIA</b>					
9.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Andheri	Director, State
<b>BRANCH OFFICE AT PLOT NUMBER 14, GROUND FLOOR, HARI ICHCHHA INDUSTRIAL SOCIETY, OPPOSITE UMIYADHAM MANDIR, A.K. ROAD, SURAT, GUJARAT, INDIA</b>					
10.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Surat	Director, State
<b>BRANCH OFFICE AT 30 and 32, "HARIVILLA", GROUND FLOOR, AMBICA SOCIETY, USMANPURA, AHMEDABAD-380 013, GUJARAT, INDIA</b>					
11.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Ahmedabad	Director, State

No.	Type of license or approval	Date of expiry of license	Date of application	Authority whom application is made before the
<b>BRANCH OFFICE AT 32, "HARIVILLA", GROUND FLOOR, AMBICA SOCIETY, USMANPURA, AHMEDABAD-380 013, GUJARAT, INDIA</b>				
12.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Director, Employees State Insurance Corporation, Rajkot
<b>M/s. AMPROCHEM PRIVATE LIMITED</b>				
13.	Application for additional place of business to be added to the existing Value Added Tax certificate	NA	August 12, 2010	Sales Tax Officer, Thane
14.	Application for License to operate a factory under the Factories Act, 1948 and the rules formulated thereunder	NA	March 02, 2010	Inspector of Industrial Health and Safety, Maharashtra State, Mumbai
15.	Application for consent to operate under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorisation under Rule 5 of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 1989 and Amended Rules, 2003	NA	April 12, 2010	Sub Regional Officer (Kalyan-II), Kalyan
16.	Application for solvent license for solvent MTO to be used as raw material	NA	September 23, 2009	The Controller of Rationing, Mumbai

#### Licenses which have not yet been applied for:

No.	Nature Of License/ Government Approval Required	Authority before whom application is to be made
1.	Certificate of Establishment to be issued by the Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at 14, 15/16, 20, 21, 22, 23, 24, 25, Ground Floor, Building Number H, Maa Padmavati Complex, Village Val, Dapoda Road, Opposite Laxman Kata, Thane	Inspector under the Bombay Shops and Establishments Act, 1948 or any other relevant authority
2.	Certificate of Establishment to be issued by the Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at Shop number 14, 15 and 16, Ground floor, Ratan Apartments, Survey number 160/2, Sheet number 277, Municipal Corporation House number 172, Ward number 124, near Agyaram Devi Square, Khasra number 413, Nagpur Municipal Corporation, Nagpur, Maharashtra	Inspector under the Bombay Shops and Establishments Act, 1948
3.	Certificate for coverage of branch office under Employees State Insurance Act, 1948 for our branch office at Survey number 9/3, Mouza Ovali, Taluka Bhiwandi, Ground floor, Sagar Complex building number C-2, Godown number 13 and 14, District Thane, Maharashtra, India	Regional Director, Employees State Insurance Corporation, Thane
4.	Application for addition/deletion of address under Central Sales Tax Act, 1956 for branch offices in Tamil Nadu	Sales Tax Officer
5.	Application for addition of addresses under Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 for the addresses i.e. 32, Harivilla Ambica Society, Usmanpura, Ahmedabad, Usmanpura, Ahmedabad, Aditya Building, 30 Ambica Society, B.H NABARD Tower, Plot Number 2, Usmanpura, Ahmedabad, Plot number 14, Ground Floor, Hari Ichhcha Industrial Society, Opposite Umiyadham Mandir, Surat and Paras - A building, Ground Floor, Manhar Plot, 4-Shardha Nagar, Revenue Survey No. 417, Plot No. 8/4, Rajkot	Assistant Manager, Professional Tax, East Zone, Ahmedabad Municipal Corporation
6.	Application for change of address from 41, Swamy Naicken Street, Ground Floor, Chintadripet, Chennai-688 193 Tamil Nadu to	Regional Director, Employees State Insurance Corporation,



**26. *Our agreements with various banks for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for short term and long term borrowings with certain banks and financial institutions. These borrowings include secured fund based and non- fund based facilities, unsecured loans and vehicle loans. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, declaring dividends, further expansion of business, taking up new business activity or setting up/ investing in subsidiary except in the ordinary course of business and which require our Company to obtain prior approval of the lenders for any of the above activities. Although we have received approvals for this Issue from certain secured and unsecured lenders, we are yet to receive approvals for this Issue from certain lenders from whom we have availed unsecured loans and/ or vehicle loans. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please see, “*Financial Indebtedness*” beginning on page 249 of the Draft Red Herring Prospectus.

**27. *Our revenues are dependent on marketing budget of end users and any reduction in their spending may adversely affect our operations and our financial condition.***

Our Company largely depends upon revenues of the marketing and advertising budget of our end users. Their marketing and advertising budget may fluctuate depending upon certain general economic and business conditions in the markets, profitability and earnings of our exhibitors. Any reduction in the marketing and advertising budget of end users may affect the performance of our Company.

**28. *Any disruption in global or domestic logistics could adversely affect our operations.***

We get our products contract manufactured by our ODMs situated in various countries. Our success depends on the smooth supply and transportation of various materials and inputs from different domestic and global sources of our products and to our customers located domestically, logistics of all of which are subject to various uncertainties and risks. Disruption of transportation services because of weather related problems, strikes, lock-outs, terrorisms, inadequacies in the road infrastructure and port facilities, or other events could impair our ability to receive materials and other inputs and supply products to our customers. Although we have not encountered any significant disruptions in such logistics to date, we cannot assure you that such disruptions will not occur in the future.

**29. *We have entered into certain related party transactions which may involve conflicts of interest and may continue to do so.***

We have entered into related party transactions with our Promoter, Group Entities, Directors and related entities and cannot assure you that we will not enter into related party transactions in the future. While, we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details of related party transactions, please refer to section titled “*Statement of Related Party Transactions, as Restated*” and “*Statement of Related Party Transactions, as Restated Consolidated Financial Statements*” under the section “*Financial Statements*” beginning on page 192 of the Draft Red Herring Prospectus.

**30. *Exchange rate and interest rate fluctuations may affect our Company’s business.***

Our Company’s financial statements are prepared in Indian rupees. A substantial portion of our imports are incurred in foreign currencies. Our Company does not have arrangements to hedge all or par of the resulting net foreign exchange position through forward exchange contracts and derivatives and our Company may be adversely affected by fluctuations in exchange rates between the Indian rupee and other currencies. Any significant fluctuation in exchange rates may therefore materially affect our profitability.

**31. *Our Company does not have any long-term contracts with our customers, which may adversely affect our results of operations.***

Our Company does not have any long-term contracts with any of our customers. Any change in the buying pattern of our end users can adversely affect the business of our Company. Our inability to sell our existing products as well as products to be produced after our proposed expansion, may adversely affect our business and profitability in future.

**32. *Our future fund requirements, in the form of fresh issue of capital or securities and or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any fresh issue of equity shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

**33. *Delay in raising funds from the Issue could adversely impact the implementation schedule***

Our Company's proposed projects are to be primarily funded from the proceeds of this Issue and internal accruals, if required. Our Company has not identified any alternate source of funding and hence any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company therefore, cannot assure that it would be able to execute the said project within the given time frame, or within the costs as originally estimated by our Company. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

**34. *We have not identified any alternate source of financing the "Objects of the Issue". If we fail to mobilize resources as per our plans, our growth plans may be affected.***

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue Proceeds may delay the implementation schedule of our Project and could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Issue" beginning on page 69 of the Draft Red Herring Prospectus.

**35. *Our inability to manage growth could disrupt our business and reduce our profitability. We may not be able to sustain effective implementation of our business and growth strategies.***

Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition. Further, on account of changes in market conditions, industry dynamics, technological improvements, changes in regulatory or trading policies or changes therein and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

**36. *Any rejection of our products due to any defect in our products may result in adverse publicity and we could incur substantial costs as a result which could affect our business, financial condition and results of operations. This could in turn affect the value of our brand, and our sales could diminish if we are associated with negative publicity.***

Defects, if any, in our products could result in customers rejecting our products or refraining from giving us repeat business. This could also adversely affect our reputation and the demand for our products and may have a material adverse effect on our business, financial condition and results of operations.

Further, our business is dependent on trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of

merchandise from our vendors or any other unforeseen events could affect our reputation and our results from operations.

**37. *Post this Issue, our Promoters and Promoter Group will continue to hold majority shares in our Company. This may sometimes conflict with our best interests and/or the interests of our minority shareholders.***

Post this Issue, our Promoters and Promoter Group will hold 59.52% of our fully diluted Equity Share capital. Accordingly, our Promoters will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company, even if it is in our Company's best interest. Our Promoters may also influence our material policies in a matter that could conflict with the interests of our other shareholders. This may sometimes conflict with our best interests and/or the interests of our minority shareholders. We cannot assure that such actions will not have an adverse effect on our other shareholders, our business operations, financial performance and the price of our Equity Shares.

For more details of shareholding of Promoters please refer to the section titled "*Capital Structure*" beginning on page 55 of the Draft Red Herring Prospectus.

**38. *Some of our branch offices, from where we operate, are either taken on leave and licence or are leased. Discontinuation of lease agreements may require us to vacate such premises which may have an adverse impact on our business continuity and profitability. Further the lease deeds/agreements entered into by our Company are not adequately stamped and registered.***

Some of our branch offices, from where we operate, are either taken on leave and licence or are leased. If any of such agreements under which we occupy the premises are not renewed on terms and conditions that are favourable to us, or at all, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. Further, the lease deeds/agreements entered into by our Company for its branch offices are not adequately stamped and/or registered. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done. Any claim or adverse order/finding in connection with these properties could adversely affect the operations of our Company. For further information please refer section titled "*Our Business - Property*" beginning on page 111 of the Draft Red Herring Prospectus.

**39. *Our Company's insurance cover may not be adequate to cover all the risks that may arise in the ordinary course of business; in case our Company is required to bear losses arising therefrom, our Company's results of operation and financial performance could be adversely affected.***

As on the date of the Draft Red Herring Prospectus, our Company has availed various insurance policies including standard fire and special perils policies, burglary insurance, etc. Our Company has also not availed directors liability insurance and key man insurance policies. Further, our Company has not availed of business interruption insurance cover. Our Company's insurance cover may not, accordingly, be adequate to cover all the risks that may arise in the ordinary course of business. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

**40. *Our Subsidiary, Amprochem Private Limited, has entered into two Memoranda of Understanding dated September 30, 2010 with Rishabh Consumer Products Private Limited for the purchase of certain properties. Certain manufacturing units are to be set up on these properties as part of the Objects of the Issue, pursuant to title thereto being acquired by Amprochem Private Limited. These Memoranda of Understanding are however, not registered and in case Rishabh Consumer Products Private Limited fails to convey the properties to Amprochem Private Limited, our proposed projects may be adversely affected.***

Our Subsidiary, Amprochem Private Limited, has entered into two Memoranda of Understanding dated September 30, 2010 with Rishabh Consumer Products Private Limited for the purchase of certain properties. Certain manufacturing units are to be set up on these properties as part of the Objects of the Issue, pursuant to

title thereto being acquired by Amprochem Private Limited. These Memoranda of Understanding are however, not registered and in case Rishabh Consumer Products Private Limited fails to convey the properties to Amprochem Private Limited, our proposed projects may be adversely affected. Furthermore, Amprochem Private Limited has also paid ₹. 20.00 mn. as token money to Rishabh Consumer Products Private Limited, towards the aforementioned properties. In case Amprochem Private Limited does not acquire title to the aforementioned properties, this may lead to Amprochem Private Limited being unable to recover the amounts paid as token money and to disputes between Amprochem Private Limited and Rishabh Consumer Products Private Limited.

**41. *Our proposed manufacturing facilities are situated in one geographical area, and are thus exposed to any risks/adverse developments affecting that area.***

Our proposed manufacturing facilities would be situated in Malegaon and Thane, Maharashtra and our business operations are vulnerable to damage or interruptions in operations due to adverse weather conditions, earthquakes, fires, explosions, power loss, civil disturbances or other similar events which may affect this area. Any failure of our systems or any shutdown of any part of our proposed manufacturing units, networks, operations because of operational disruptions, natural disaster such as flood or earthquake, or other factors, could disrupt our manufacturing operations and result in significant costs and delays in execution of orders. We do not have a diversified base of manufacturing operations, and local disturbances would have a material adverse effect on our business, and consequently on our results of operations and financial condition.

**42. *The objects of the Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled “Objects of the Issue”.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution or any independent agency. We may have to revise our management estimates from time to time and consequently, our funding requirements may also change. Our estimates may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency.

**43. *We are yet to initiate the process of recruiting the manpower required for the proposed projects and any delay in recruiting the suitable personnel or the required number of people to operate the plants effectively may result in time and cost overruns.***

We estimate that we require over 260 personnel for undertaking and executing our operations at our proposed new plants. These plants are proposed to be set up at Malegaon and Thane, Maharashtra and we propose to hire the required personnel and labour from the surrounding villages and townships. In the event we are unable to recruit the suitable personnel or the required number of people to operate the plants effectively, we may face time and cost overruns, which may have an adverse effect on our business and results of operations.

**44. *Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender’s approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends in the future.***

Till date our Company has not paid any dividends. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender’s approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends in the future. Additionally, the terms of any financing we obtain in the future, may contain restrictive covenants which may also affect some of the rights of our shareholders, including the payment of the dividend.

**45. *Taxes and other levies imposed by the Central or State Governments, as well as other financial policies and regulations, may have an adverse effect on our business, financial condition and results of operations***

We are subject to taxes and other levies imposed by the Central or State Governments in India, including customs duties, excise duties, central sales tax, state sales tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State Governments may adversely affect our competitive position and profitability. Any Changes in the tax structure could adversely affect our financial condition and results of operations.

**46. *Increasing employee compensation in India may reduce our Company's profit margins.***

Increase in compensation levels in India may negatively affect our profit margins. Employee compensation in India is currently increasing which could result in increased costs of production. Our Company may need to continue to increase levels of employee compensation to manage attrition. Any increases in the amount of compensation paid to our Company's employees could have a significant effect on our costs, which may affect our position in our industry and have a material adverse effect on our business and financial operations.

**47. *Our success largely depends on our executives and key managerial personnel and our ability to attract and retain them. Any loss of our executives and key managerial personnel could adversely affect our business, operations and financial condition.***

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/her present position, it could be difficult to find a replacement, and business could thereby be adversely affected. It is possible that we may not be able to retain our existing executives and key managerial personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, loss of key managerial personnel could adversely affect our business, results of operations and financial condition. For further details on the executives and key managerial personnel of our Company please refer chapter titled 'Our Management' beginning on page 169 of the Draft Red Herring Prospectus.

**48. *Volatility in the prices of the raw material may have an adverse impact on our business and financial operations.***

Some of the raw materials required by our Company are derivatives of crude oil. The prices of crude oil may fluctuate, depending on among other factors, changes in demand and supply and the price of crude oil. Though we cover purchases on a monthly basis, we are still exposed to and will have to absorb any fluctuations in the prices of crude oil, which may adversely affect the financials of our Company.

Furthermore, in the event that our primary suppliers curtail or discontinue the supply of such material to us in the quantities that we need or at prices that are competitive, our operations and financial condition may be adversely affected.

**49. *Disruptions of resource management systems could adversely affect our Company's business.***

Our Company is dependent upon interdependent resource management systems, to support business processes as well as internal and external communications. Our Company also has an inventory management system which tracks the stock position and order position. Any significant breakdown or interruption of these systems, whether due to computer viruses or other causes, may result in the loss of key information and/or disruption of production and business processes, which could materially and adversely affect our Company's business.

## **EXTERNAL RISK FACTORS**

**50. *Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the "IFRS Convergence Note"). Pursuant to the IFRS Convergence Note, all companies which (i) are a part of the Nifty 50 index of the NSE, (ii) of the Sensex 30 index of the BSE, or (iii) which have a net worth in excess of ₹.10,000 mn. will be required to convert their opening balance sheets as at April 01, 2011 in compliance with the notified accounting standards which are convergent with IFRS. As our Company's net worth is not in excess of ₹ 10,000 mn. as at March 31, 2010, it will not be required to report financial information and prepare interim and annual



financial statements under the notified accounting standards which are convergent with IFRS as at and for periods commencing on April 01, 2011. Further, according to the IFRS Convergence Note, companies which have a net worth of over ₹ 5,000 mn. but less than Rs.10,000 mn. will be required to convert their opening balance sheets as at April 01, 2013 in compliance with the notified accounting standards which are convergent with IFRS. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period and in the corresponding (restated) period in the comparative Fiscal/period.

**51. *Political instability or changes in other countries where we may have ODMs or clients would adversely affect the relevant operations/business from such clients***

We liaise with ODMs, parties, suppliers and customers in India and markets other than India. Each country has its own government and political regime, economic policies and social set which may differ significantly from that of India. Execution of contracts in these territories would be subject to the risks arising from unfamiliarity with the political, economic and social set up of these countries, as also any changes in same, which may adversely affect the execution of contracts in countries outside India, lead to cost overruns, margin erosions and losses in those contracts, consequently adversely impacting our business, prospects, financial condition and results of operations.

**52. *Terrorist attacks and other acts of violence or war involving India or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**53. *Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Monsoon this year has been below normal thus far, and this has led to several districts in the country being declared rainfall-deficient and drought-prone, and this is expected to lead to a drop in agricultural production. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operation as well as the price of the Equity Shares.

**54. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.***

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.



**55. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

**56. *Any disruption in the supply of power, IT infrastructure, telecom lines and disruption in internet connectivity could disrupt our business process or subject us to additional costs.***

Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure, internet connectivity or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could lead to decline in the price of our Equity Shares.

**57. *The price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.***

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Perceptions about our future performance or the performance of Indian printing consumables supplier companies generally;
- Performance of our Company's competitors in the Indian printing consumables industry and market perception of investments in the Indian printing consumables industry;
- Adverse media reports on our Company or the Indian printing consumables industry;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

**58. *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (For further information, please refer Chapter titled "*Basis for Issue Price*" beginning on page 84 of the Draft Red Herring Prospectus.) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

**59. *Investors will not be able to immediately sell any of our Equity Shares purchased through this Issue on Stock Exchanges until the receipt of appropriate trading approvals from Stock Exchanges.***

Our Equity Shares will be listed on BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. Thereafter, trading in the Equity Shares can commence only upon receipt of trading approval from the Stock Exchanges. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified by SEBI. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

**60. *Current economic conditions may adversely affect our Company's industry, financial position and results of operations.***

The global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. Reduced consumer spending may force competitors to further reduce prices. Our Company is exposed to different industries and counterparties, including partners with which our Company has contractual or other business relationships, research and promotional services agreements, suppliers of raw materials, wholesalers and other customers. Any of these interdependent relationships may become unstable in the current economic environment. Significant changes and volatility in the consumer environment and in the competitive landscape may make it increasingly difficult for our Company to predict future income and earnings. Any adverse change in general economic conditions, as well as any resulting change in the relationships our Company has developed in the industry may have a material adverse effect on its financial condition and results of operations.

**61. *Financial instability in Indian financial markets could adversely affect our Company's results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The current global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

**62. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

**63. *Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investor's assessment of Our Company's financial condition.***

As stated in the reports of our Company's independent auditors included in the Draft Red Herring Prospectus, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in the Draft Red Herring Prospectus to any other principles or to base it on any other standards such as US GAAP or IFRS. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

**64. Any downgrading of India's sovereign rating by a domestic or international rating agency could adversely affect our Company's business.**

Any adverse revisions to India's sovereign ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

**Prominent Notes**

1. We have issued Equity Shares within the last twelve months from the date of the Draft Red Herring Prospectus at a price which may be lower than the Issue Price. Please see Risk Factor no. 19 above and the section titled "*Capital Structure*" on page 55 of the Draft Red Herring Prospectus.
2. This is a public Issue of 5,310,000 Equity Shares, for cash at a price of ₹ [●] per Equity Share, aggregating upto ₹ [●] mn. The Issue will constitute 29.77% of the post Issue paid-up capital of our Company. Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 mn. out of the Issue with certain investors. Our Company may complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.
3. The standalone net worth of our Company was ₹ 414.33 mn. and ₹ 479.20 mn. as of March 31, 2010 and June 30, 2010 respectively. The book value of each Equity Share was ₹ 51.15 and ₹ 59.16 as of March 31, 2010 and June 30, 2010 respectively as per the restated standalone financial statements of our Company. This is a public Issue of 5,310,000 Equity Shares, for cash at a price of ₹ [●] per Equity Share, aggregating upto ₹ [●] mn. For more information, please see the section "*Financial Statements*" beginning on page 192 of the Draft Red Herring Prospectus.
4. The average cost of acquisition of per Equity Shares by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of Promoter	Average cost of acquisition per Equity Share (₹)
Mr. Hitesh Jobalia	7.43
Mr. Nimesh Shah	6.67
Mr. Kirti Doshi	6.67

5. For details of related party transactions entered into by our Company, please see the section titled "*Statement of Related Party Transactions, as Restated*" appearing as Annexure XIII and "*Statement of Related Party Transactions, as Restated Consolidated Financial Statements*" appearing as Annexure XIII of the section titled "*Financial Statements*" beginning on page 192 of the Draft Red Herring Prospectus. The aggregate of related party transactions entered into by our Company as audited and restated financials (standalone) in Fiscal 2010 is as under:

(₹ in mn.)	
Particulars	Fiscal 2010
Purchases	32.13
Sales	18.83
Remuneration Paid	18.78
Unsecured Loans Repaid	41.48

6. Except as disclosed in sections titled "*Capital Structure*", "*Our Promoters and Promoter Group*" and "*Our Management*" beginning on pages 55, 187 and 169 respectively, of the Draft Red Herring Prospectus, none of our Promoters, Directors or key managerial personnel has any interest in our Company.
7. Except as disclosed in the section titled "*Capital Structure*" on page 55 of the Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.

8. The Issue is being made under Regulation 26(1) of the SEBI ICDR Regulations through a Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation on a proportionate basis to QIBs, out of which 5% (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Undersubscription, if any, in the Mutual Funds portion will be met by a spill over from the QIB portion and be allotted proportionately to the QIB Bidders. Further not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue Price.
9. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Investors, Non- Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please see "*Terms of the Issue*" beginning on page 304 of the Draft Red Herring Prospectus.
10. Under-subscription in the Issue, if any, in any category will be met by spillover from other categories at the discretion of our Company in consultation with the GC-BRLM and BRLM.
11. Investors may contact the GC-BRLM and BRLM or the Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the GC-BRLM and BRLM and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the GC-BRLM, BRLM and the Compliance Officer, please see "*General Information*" beginning on page 45 of the Draft Red Herring Prospectus.
12. Investors are advised to also see "*Basis for Issue Price*" beginning on page 84 of the Draft Red Herring Prospectus.
13. Trading in Equity Shares for all investors shall be in dematerialized form only.
14. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.
15. Our Company has not changed its name in the past year, except the change resulting from the conversion of our Company into a public limited company on September 16, 2010. For further details of changes in the name of our Company, please see "*History and Other Corporate Matters*" beginning on page 157 of the Draft Red Herring Prospectus.

## SECTION IV - INTRODUCTION

### SUMMARY

*You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in the Draft Red Herring Prospectus. Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, please refer to sections titled “Forward Looking Statements” and “Presentation of Financial Information and Use of Market Data” beginning on pages 10 & 9 respectively of the Draft Red Herring Prospectus.*

### SUMMARY OF THE INDUSTRY

*Unless otherwise indicated, the information in this section is derived from research report issued by CRISIL’s research division. It has not been independently verified by our Company, the Global Co-ordinator and Book Running Lead Manager, the Book Running Lead Manager or advisors to the Company, and no representations are made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information. For the purpose of this section, certain numerical information is presented in “millions” and “billions”. For further details of our industry, please refer to the chapter titled “Industry Overview” on page 97 of the Draft Red Herring Prospectus.*

#### **Printing Industry**

Indian printing industry is considered as one of the largest industries. There are more than 160000 printing presses in active operation in the country employing nearly 1.6 million work force. The northern region of the country accounts for nearly 33% of India’s print market, followed by west and south at 28% and 27% respectively. The share of East is at 12%. The overall printing industry is expected to grow to ₹ 828 billion by 2012 from about ₹ 475 billion in 2007 with a 2007-12 CAGR of 11.2%.

#### **Printing Consumables Industry**

- **Digital large printing consumables:** Comprising printing materials like flex, vinyl and mesh, solvent inks
- **Offset printing consumable segment:** Including Offset printing plates, films, printing chemicals etc.
- **Digital desktop segment:** Consisting of digital printing solution like CISS, ink and photo paper

The industry size for the printing consumable industry can be estimated to be at ₹ 35 billion as on 2009-10 (excluding CISS and the eco solvent ink).

#### **Digital Large Printing Consumable Industry:**

The Indian digital large printing consumable industry (including vinyl, mesh, backlit, sun board and excluding solvent ink) has grown at a CAGR of 24 - 26% (2004-05 to 2009-10) to a market size of ₹ 15-16 billion (flex contributing 80% in 2009-10) in 2009-10. Volumes have increased at a CAGR of 55-60% in the same period, however, realizations have declined.

#### *Industry outlook*

Going forward, Crisil expects the digital wide format media industry (excluding solvent ink) to grow at a CAGR of 17-18% in the next 3 years. Crisil expects volume growth to be in the range of 9-11% y-o-y while the rest of the growth will be due to growth in realisations, as a result of the pass on of the cost of imposition of the anti dumping duty and an improvement in product mix.

#### **Offset Printing Consumable Segment**

Offset printing is generally used for printing bulk printings like news papers, magazines etc. The offset printing consumable industry comprises mainly of four products mainly PS Plates, CTP Plates graphic arts films and printing chemicals. The CTP plate's technology has come into prominence mainly in the past three- four years and has taken market share from the PS plates. PS plates have the matter recorded in the films which then are imprinted on paper. CTP uses digital technology where the digitally stored matter is directly printed on the paper. Technova, with a market share of around 70%, dominates the offset printing consumable industry

#### *Industry outlook*

Crisil expects the offset printing consumable industry to grow at 6 to 8% CAGR for the next 3 years. This will be on the back of growth in newspapers which account for around 50-60% of the total volumes in the offset printing segment. Crisil expects vernacular language newspapers to drive subscription growth, as publishers increasingly explore and penetrate the regional market.

The offset printing consumable industry in India is oligopolistic, with few strong players and intense competition leading to limited pricing power.

#### **Digital Desktop Segment**

##### *Continuous ink supply system (CISS)*

A continuous ink supply system (CISS) is an innovative product which is used as an attachment to inkjet printers. This enables a continuous flow of ink from the CISS unit to printers and is often used as a substitute to ink cartridge. The main advantage of a CISS is that it is highly cost efficient as it reduces running cost of printer significantly. This decrease in printing cost is as a result of refilling ink again instead of changing ink cartridge (ink, plastic cartridge and chip) every time.

#### **Indian printing ink industry**

The Indian printing ink industry is valued at approximately ₹ 25 to 28 billion of March 2010 with an average growth rate of 12% – 15% annually for the past 3 years by volume. In terms of tonnage of ink manufactured in India, it is estimated to be 140-160 million tonnes. Ink industry can be divided into four main segments namely gravier and flexo, web offset, sheetfed and other inks. Gravier and flexo is mainly used for flexible packaging, web offset is used for newspapers while sheetfed is used for books, magazines etc. Others include a variety of ink like metal inks, screen inks, inkjet inks etc.

#### **Ink Segment can be broadly classified as follows:**

- Large format ink is mainly used for printing on materials like Flex, Vinyl etc
- PC desktop inks consumable are mainly used in desk top printers
- Printing ink consumable finds its use mainly in the offset printing segment

#### **Solvent Ink**

Solvent ink is used mainly for printing on Vinyl, flex materials etc. The solvent ink industry volume grows in line with the growth of the flex volumes as seen in the past five year's growth of around 26%. Going ahead Crisil expects the overall solvent industry to grow around 8-9% annually till 2012-13 in line with our expectation of the growth in volumes of flex industry.

The market size for inkjet inks is estimated to be at around ₹ 900 million. The inkjet ink requirement in the country is expanding at a healthy pace with increase in the population of digital printers both solvent and UV based. Though the majority of inks for this industry are presently imported, there are a growing number of local inks manufacturers who have started offering products to replace imported inks. Going ahead Crisil expects the inject ink market to grow around 7% annually to reach ₹ 1100 million by 2012-13.



## Indian Printing Industry

<b>Strengths</b> <ul style="list-style-type: none"> <li>• Growth in flex industry is closely linked to growth in OOH advertising, infrastructure spending, and the organized retailing industry</li> <li>• Able to sell good quality laminated and coated flex at a competitive mid range pricing</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• The digital large print consumable industry is constrained by the working capital intensive nature of the business resulting in high working capital borrowings</li> <li>• The OOH industry is vulnerable to economic cycles.</li> </ul>
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## SUMMARY OF OUR BUSINESS

*The following information should be read together with the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 12, 258 and 192 of the Draft Red Herring Prospectus, respectively.*

*In this section, a reference to “Max Flex” or “our Company” means Max Flex & Imaging Systems Limited. Unless the context otherwise requires or implies, references to “we”, “us”, or “our” refers to Max Flex & Imaging Systems Limited and its Subsidiaries, on a consolidated basis. For further details of our business, please refer to the chapter titled “Our Business” on page 111 of the Draft Red Herring Prospectus.*

### Overview

Our Company was incorporated in the year 2002 and is currently engaged *inter alia* in the business of manufacturing and marketing of digital and offset printing consumables in India. Our Promoter, Mr. Hitesh Jobalia, has nearly 25 years of experience in the printing consumables industry, having been a part of M/s. Max Traders, a partnership firm involved in business of printing consumables, since 1984, which was taken over by our Company. Over the years, we have developed in-house capabilities and built alliances for providing comprehensive solutions in digital printing consumables, offset printing consumables and related accessories.

We are a “one stop shop” for all kinds of printing consumables needs of the Indian printing industry. Our customer / product user base includes digital and offset printers, print service providers, billboard companies, publication houses, newspaper publishers, magazines, and advertising agencies.

We provide printing consumables, which includes:

- Printing surfaces (also widely known as ‘Media’ or ‘Printing Media’ i.e. a surface to print upon);
- Printing inks;
- Offset printing chemicals;
- Offset printing plates; and
- Accessories

The printing media encompasses all types of material including flex, mesh, boards, vinyls, laminates, graphic films, paper and photo paper. Printing inks supplied by our Company are solvent inks, eco solvent inks and dye and pigment inks. Furthermore, we manufacture chemicals used for offset printing and also supply plates to the offset printing industry. In the printing accessories space we provide cost effective ink dispensing systems, display stands and related products. We market our products primarily on a business-to-business (“B2B”) platform and cater to a diverse customer base.

Our business can be broadly classified in three business divisions, based on the end use applications:

- (i) Digital Large Format Printing Consumables,
  - (ii) Digital Desktop Printing Consumables, and
  - (iii) Offset Printing Consumables.
- **Digital Large Format Printing Consumables:** In this business division we contract manufacture (through our ODMs) and market products which are used in digital printing applications. Digital printing refers to methods of printing from a digital based image directly to variety of media. This business segment can be further segregated based on the sizes of the media and their primary application in two segments:
- Super Wide Format (“SWF”); and
  - Wide Format (“WF”)

The products in the SWF segment are primarily used in outdoor applications; we provide a wide spectrum of products / media including flex, mesh, boards, solvent inks and solvent vinyl.

The WF products are primarily used for indoor applications and consist of eco solvent vinyl, eco solvent paper, eco solvent films, inkjet paper, inkjet films, laminated films printing media and eco solvent inks. We also provide display stands.

Our Digital Large Format Printing Consumables products have various applications including billboards, banners, posters, exhibition and conferences, political banners and posters, religious posters and banners, point of purchase banners and posters.

- **Digital Desktop Printing Consumables:** Digital printers can range from desktop printers typically used in offices, homes, photo studios and other commercial setup to larger floor model printers which may be used by businesses involving complex applications and multiple users. In the Digital Desktop Printing Consumables segment, we supply multipurpose inkjet paper of varied specifications, dyes and pigment inks and ‘Continuous Ink Supply Systems’. Some of our products in this division are sold as complete solutions, wherein we provide the media for printing (i.e. photo paper), ink, ink dispensing systems and related products.

Our products in this segment are primarily used in photo studios, commercial establishments and domestic setups.

However, there may be some interchange of underlying products across the various segments as the classification is based on their application by the end user.

- **Offset Printing Consumables:** In this business division, we contract manufacture (through our ODMs) and market products which are used in offset printing applications. Offset printing is a widely used printing technique where the inked image is transferred (or “offset”) from a plate first to a rubber blanket, then to the printing surface. Our products under this category include analog and digital plates, offset printing chemicals and printing surface media i.e. graphic films.

Our products in this segment are primarily used by printers.

We have a chemical manufacturing facility in Badlapur, Maharashtra, having an area of 12,000 sq. ft with a capacity to manufacture 3.3 mn. litres per annum. Operations of the chemical manufacturing facility are being conducted through our wholly owned Subsidiary, Amprochem Private Limited. Our offset printing consumables products have various applications including newspapers, magazines, books, brochures and other bulk stationery.

At present, our bouquet of products includes over 9300 variations of media, ink, plate, chemical products and accessories. Our products are sold under our own brand “MAXXX - Generation Next” and are manufactured by ODMs in China and South Korea as per the specifications provided by us. Such ODMs extend an unmatched advantage of manufacturing on a large scale. A primary attribute of this business model is that the ODM manufactures the products specified by a third party owning the intellectual property for the brands viz. our Company. This model is especially preferred where an ODM produces goods for a foreign company, which sees some advantage in the production such as better technology, economies of scale, relatively low capital expenditure and lower production costs.

Our Company with its extensive experience, know-how, in-house market research and product development teams, gives detailed technical specifications to our ODMs and ensures consistent quality. Before shipment, all our media products undergo a rigorous testing and evaluation process to ensure optimum image quality, durability, finishing and product consistency.

We have a pan-India presence and market our products across 19 states in India. Our sales and distribution network comprises of 18 owned branches, C&F agents at 4 locations, 17 warehouses through whom we access more than 4,000 direct customers across India. This extensive network is further strengthened by and more than 175 dealers and commission agents. Further our primary customers include printers who in turn provide services to numerous end users. We also have our own fleet of distribution vehicles for smooth movement of consignments. To effectively manage inventory levels for timely servicing of our customer needs, we have invested in building up warehousing facilities in tandem with our branch offices. This helps us to provide our customers with products of varied specifications on a real time basis, allowing them to operate at zero or bare minimum inventory.

We currently have strategic alliances as distributors, channel partners, registered supplies reseller for various leading global brands to market a wide range of their printing consumables through our existing well knit sales and distribution network for digital media, graphic art films, digital CTP thermal plates and chemicals. We have

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been associated with these global manufactures since incorporation. Our channel partners have latest products and we ensure consistent supply of these products from our channel partners to our customers.

Our Company has also won several awards in its capacity as supplier of digital printing consumables. In 2009, our Promoters Mr. Hitesh Jobalia was awarded the “Udyog Rattan Award” by Economic Review, New Delhi.

Our total income on a standalone basis has grown at a CAGR of 107.96% from ₹ 166.31 mn. in FY 2006 to ₹ 3,110.69 mn. in FY 2010. Our profit after tax on a standalone basis has grown at a CAGR of 278.54% from ₹ 0.87 mn. in FY 2006 to ₹ 178.64 mn. in FY 2010. On a consolidated basis, our total income stood at ₹ 968.10 mn. for the 3 month period ending on June 30, 2010 and profit after tax was ₹ 65.56 mn. for the same period.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the restated standalone audited financial statements of our Company for the Fiscals 2006, 2007, 2008, 2009 and 2010 and for the three month period ended June 30, 2010 and consolidated financial statements for the three month period ended June 30, 2010, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. The restated summary financial information presented below should be read in conjunction with the restated financial information included in the Draft Red Herring Prospectus, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 258 of the Draft Red Herring prospectus.

### RESTATED STANDALONE SUMMARY STATEMENTS OF ASSETS & LIABILITIES

(₹ in mn.)						
Particulars	As at					
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>A Fixed Assets</b>						
Gross Block	10.78	16.47	97.61	167.77	321.75	331.75
Less: Depreciation	(0.23)	(0.74)	(4.48)	(9.26)	(20.87)	(25.30)
Less : Amortization	-	-	-	(4.71)	(9.42)	(10.60)
Net Block	10.55	15.73	93.13	153.80	291.46	295.85
Capital Work in Progress	0.07	-	-	84.98	-	-
<b>Total Fixed Assets (A)</b>	<b>10.62</b>	<b>15.73</b>	<b>93.13</b>	<b>238.78</b>	<b>291.46</b>	<b>295.85</b>
<b>B Investments (B)</b>	<b>-</b>	<b>-</b>	<b>0.60</b>	<b>1.95</b>	<b>7.65</b>	<b>9.30</b>
<b>C Current Assets, Loans &amp; Advances</b>						
Inventories	20.44	30.46	196.71	347.48	513.39	542.88
Sundry Debtors	81.50	148.41	449.59	605.32	1,023.99	1,164.83
Cash and bank Balance	0.27	1.27	8.93	16.40	27.61	14.57
Loans and Advance	7.55	14.28	55.57	131.81	286.50	257.16
<b>Total (C)</b>	<b>109.76</b>	<b>194.42</b>	<b>710.80</b>	<b>1,101.01</b>	<b>1,851.49</b>	<b>1,979.44</b>
<b>D Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>120.38</b>	<b>210.15</b>	<b>805.53</b>	<b>1,341.74</b>	<b>2,150.60</b>	<b>2,263.59</b>
<b>E Liabilities &amp; Provisions</b>						
Secured Loans	53.53	121.39	479.69	824.81	1,110.46	1,102.51
Unsecured Loans	6.18	8.95	9.95	75.05	30.93	12.79
Current Liabilities	54.57	61.55	163.90	158.96	445.12	516.30
Provisions	0.83	3.41	24.52	65.75	139.63	162.77
Deferred Tax liability	0.30	0.34	-	2.53	10.13	11.02
<b>Total (E)</b>	<b>115.41</b>	<b>195.64</b>	<b>678.06</b>	<b>1,127.10</b>	<b>1,736.27</b>	<b>1,805.39</b>
<b>F Net Worth (A+B+C+D-E)</b>	<b>4.97</b>	<b>14.51</b>	<b>127.47</b>	<b>214.64</b>	<b>414.33</b>	<b>479.20</b>
<b>REPRESENTED BY:</b>						
Equity Share Capital	1.10	7.59	79.20	79.73	81.00	81.00
Share Application Money	0.50	-	2.00	3.50	-	-
Total Reserves and Surplus	3.37	6.92	46.27	131.41	333.33	398.20
<b>Net Worth</b>	<b>4.97</b>	<b>14.51</b>	<b>127.47</b>	<b>214.64</b>	<b>414.33</b>	<b>479.20</b>

## RESTATED STANDALONE SUMMARY STATEMENT OF PROFITS & LOSSES

Particulars	For The Year Ended					(₹ in mn.)
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	For three months ended June 30, 2010
<b>INCOME</b>						
<b>Sales</b>						
Of Products Contract Manufactured By The Company	119.72	240.64	898.58	1,637.52	2,759.75	874.56
Of Products Traded By The Company	46.47	116.42	132.26	564.21	348.07	78.70
<b>Total Sales</b>	<b>166.19</b>	<b>357.06</b>	<b>1,030.84</b>	<b>2,201.73</b>	<b>3,107.82</b>	<b>953.26</b>
Other Income	0.12	-	0.35	2.30	2.87	0.50
<b>Total Income</b>	<b>166.31</b>	<b>357.06</b>	<b>1,031.19</b>	<b>2,204.03</b>	<b>3,110.69</b>	<b>953.76</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	151.73	323.05	865.65	1,847.12	2,557.33	761.51
Administrative Expenses	2.68	6.43	40.44	48.09	56.75	29.58
Staff Cost	6.27	10.28	31.03	46.27	69.64	19.18
Selling & Distribution Expenses	0.55	1.34	13.00	12.14	21.68	5.45
Finance and Interest Charges	3.30	9.33	39.99	110.53	113.41	36.54
<b>Total Expenditure</b>	<b>164.53</b>	<b>350.43</b>	<b>990.11</b>	<b>2,064.15</b>	<b>2,818.81</b>	<b>852.26</b>
<b>Profit before Depreciation and Tax</b>	<b>1.78</b>	<b>6.63</b>	<b>41.08</b>	<b>139.88</b>	<b>291.88</b>	<b>101.50</b>
Depreciation & Amortization	0.10	0.51	2.19	9.50	17.14	5.62
<b>Profit Before Tax</b>	<b>1.68</b>	<b>6.12</b>	<b>38.89</b>	<b>130.38</b>	<b>274.74</b>	<b>95.88</b>
<b>Provision For Taxation</b>						
Current Tax	0.60	2.52	17.02	41.84	88.50	30.13
Deferred Tax	0.21	0.04	(2.18)	3.53	7.60	0.89
<b>Restated Net Profit after Tax</b>	<b>0.87</b>	<b>3.56</b>	<b>24.05</b>	<b>85.01</b>	<b>178.64</b>	<b>64.86</b>



## RESTATED STANDALONE STATEMENTS OF CASH FLOW

	(₹ in mn.)					
Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>(A) Cash Flow From Operating Activities</b>						
Net Profit Before Tax and Extraordinary Items	1.68	6.12	38.89	130.38	274.74	95.88
<b>Adjustments for:</b>						
Depreciation / Amortization	0.10	0.51	2.19	9.50	17.14	5.62
Interest Income	(0.12)	-	(0.33)	(0.87)	(1.44)	(0.05)
Profit on Sale of Investment	-	-	-	-	(0.60)	-
Finance and Interest Charges	3.30	9.33	39.99	110.53	113.41	36.54
Loss on Sale of Assets	-	-	-	-	0.61	-
Provision for Gratuity	0.09	0.05	0.82	1.21	1.25	0.38
Foreign Exchange Fluctuation Loss/(Gain)	-	0.96	4.12	0.48	(5.05)	12.51
Miscellaneous expenses written off	-	-	1.12	-	-	-
<b>Operating profits before working capital changes</b>	<b>5.05</b>	<b>16.97</b>	<b>86.80</b>	<b>251.23</b>	<b>400.06</b>	<b>150.88</b>
<b>Adjustments for:</b>						
Decrease / (Increase) in Inventories	(15.59)	(10.03)	(166.24)	(150.77)	(165.92)	(29.51)
Decrease / (Increase) in Sundry Debtors	(64.90)	(66.90)	(301.19)	(155.73)	(418.67)	(140.84)
Decrease / (Increase) in Loans & Advances	(5.63)	(6.54)	(40.78)	(66.33)	(129.99)	49.35
Increase / (Decrease) in Trade Payable & Other Current Liabilities	45.29	6.04	119.63	(7.24)	324.91	67.32
<b>Cash generated from operations</b>	<b>(35.78)</b>	<b>(60.46)</b>	<b>(301.78)</b>	<b>(128.84)</b>	<b>10.39</b>	<b>97.20</b>
Taxes paid	(0.28)	(0.20)	(2.09)	(9.77)	(76.61)	(20.00)
<b>Net cash from Operating Activities (A)</b>	<b>(36.06)</b>	<b>(60.66)</b>	<b>(303.87)</b>	<b>(138.61)</b>	<b>(66.22)</b>	<b>77.20</b>
<b>(B) Cash Flow From Investing Activities</b>						
Purchase of fixed assets	(9.61)	(5.62)	(34.50)	(70.17)	(71.57)	(10.00)
Capital work in progress	(0.07)	-	-	(84.98)	-	-
Sale of Fixed Assets	-	-	-	-	2.57	-
Purchase of Investments	-	-	(0.60)	(1.35)	(7.50)	(1.64)
Interest Income	0.12	-	0.33	0.87	1.44	0.05
Sale of Investment	-	-	-	-	2.40	-
<b>Net cash used for Investing Activities (B)</b>	<b>(9.56)</b>	<b>(5.62)</b>	<b>(34.77)</b>	<b>(155.63)</b>	<b>(72.66)</b>	<b>(11.59)</b>
<b>(C) Cash Flow From Financing Activities</b>						
Proceeds from Issue of Share Capital / Share Application Money	3.50	5.99	26.98	2.02	21.97	-
Net Proceeds/Repayments of loans	45.43	70.62	359.31	410.22	241.53	(42.11)
Finance & Interest Charges	(3.30)	(9.33)	(39.99)	(110.53)	(113.41)	(36.54)
<b>Net cash from Financing Activities (C)</b>	<b>45.63</b>	<b>67.28</b>	<b>346.30</b>	<b>301.71</b>	<b>150.09</b>	<b>(78.65)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>0.01</b>	<b>1.00</b>	<b>7.66</b>	<b>7.47</b>	<b>11.21</b>	<b>(13.04)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>0.26</b>	<b>0.27</b>	<b>1.27</b>	<b>8.93</b>	<b>16.40</b>	<b>27.61</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>0.27</b>	<b>1.27</b>	<b>8.93</b>	<b>16.40</b>	<b>27.61</b>	<b>14.57</b>

**FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010**

**RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

		(₹ in mn.)
	Particulars	June 30, 2010
<b>A</b>	<b>Fixed Assets</b>	
	Gross Block	348.90
	Less: Depreciation	(29.32)
	Less : Amortization	(10.60)
	Net Block	308.98
	Capital Work in Progress	26.82
	<b>Total Fixed Assets (A)</b>	<b>335.80</b>
<b>B</b>	<b>Investments (B)</b>	<b>0.23</b>
<b>C</b>	<b>Current Assets, Loans &amp; Advances</b>	
	Inventories	557.39
	Sundry Debtors	1,180.53
	Cash and bank Balance	17.30
	Loans and Advance	262.93
	<b>Total (C )</b>	<b>2018.15</b>
	<b>Total Assets</b>	<b>2354.18</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>	
	Secured Loans	1,135.36
	Unsecured Loans	16.45
	Current Liabilities	545.83
	Provisions	163.66
	Deferred Tax liability	11.87
	<b>Total (D)</b>	<b>1873.17</b>
<b>E</b>	<b>Net Worth (A+B+C-D)</b>	<b>481.01</b>
	<b>REPRESENTED BY:</b>	
	Equity Share Capital	81.00
	Total Reserves and Surplus	400.01
	<b>Net Worth</b>	<b>481.01</b>

## RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS & LOSSES

		(₹ in mn.)
Particulars	June 30, 2010	
<b>Income</b>		
<b>Sales</b>		
Of Products Manufactured by the company		7.87
Of Products Contract Manufactured by the company		874.56
Of Products Traded by the company		85.17
<b>Total Sales</b>		<b>967.60</b>
Other Income		0.50
<b>Total Income</b>		<b>968.10</b>
<b>Expenditure</b>		
Cost of Goods Sold		770.07
Administrative Expenses		30.52
Staff Cost		21.22
Selling & Distribution Expenses		5.93
Finance and Interest Charges		37.54
<b>Total Expenditure</b>		<b>865.25</b>
<b>Profit before Depreciation and Tax</b>		<b>102.85</b>
Depreciation & Amortization		5.88
<b>Profit Before Tax</b>		<b>96.93</b>
<b>Provision For Taxation</b>		
Current Tax		30.46
Deferred Tax		0.91
<b>Restated Net Profit after Tax</b>		<b>65.56</b>

## RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(₹ in mn.)

Particulars	June 30, 2010
<b>(A) Cash Flow From Operating Activities</b>	
Net Profit Before Tax and Extraordinary Items	96.93
<b>Adjustments for:</b>	
Depreciation / Amortization	5.88
Interest Income	(0.05)
Finance and Interest Charges	37.54
Loss on Sale of Assets	-
Provision for Gratuity	0.38
Foreign Exchange Fluctuation Loss/(Gain)	12.51
<b>Operating profits before working capital changes</b>	<b>153.20</b>
<b>Adjustments for:</b>	
Decrease / (Increase) in Inventories	(23.61)
Decrease / (Increase) in Sundry Debtors	(130.96)
Decrease / (Increase) in Loans & Advances	49.14
Increase / (Decrease) in Trade Payable & Other Current Liabilities	70.79
<b>Cash generated from operations</b>	<b>118.56</b>
Taxes paid	(20.00)
<b>Net cash from Operating Activities (A)</b>	<b>98.56</b>
<b>(B) Cash Flow From Investing Activities</b>	
Capital work in progress	(2.93)
Purchase of fixed assets	(13.27)
Purchase / Sales of Investment	(1.64)
Interest Income	0.05
<b>Net cash used for Investing Activities (B)</b>	<b>(17.79)</b>
<b>(C) Cash Flow From Financing Activities</b>	
Net Proceeds/Repayments of working capital loans	(41.81)
Finance and Interest Charges	(37.54)
Foreign Exchange Fluctuation on Loan Repayment	(16.03)
<b>Net cash from Financing Activities (C)</b>	<b>(95.38)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(14.61)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>31.91</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>17.30</b>

## THE ISSUE

<b>Equity Shares offered: Issue*</b>	5,310,000* Equity Shares of face value of ₹10 each aggregating upto ₹ [●] mn.
<b><u>Of which:</u></b>	QIB Portion of not more than 2,655,000 Equity Shares constituting not more than 50% of the Issue
<b>(A) Qualified Institutional Buyers portion (QIBs)**</b>	
<i>Of which</i>	
Anchor Investor Portion**	Upto 796,500 Equity Shares of ₹ 10 each
Net QIB Portion	Not more than 1,858,500 Equity Shares of ₹ 10 each
Portion of Net QIB Portion available for Allocation to Mutual Funds only	92,925 Equity Shares of ₹ 10 each
<b>(B) Non-Institutional Portion</b>	796,500 Equity Shares of face value of ₹ 10 each constituting not less than 15% of the Issue
<b>(C) Retail Portion</b>	1,858,500 Equity Shares of face value of ₹ 10 each constituting not less than 35% of the Issue
<b>Equity Shares outstanding prior to the Issue</b>	12,526,751 Equity Shares of face value of ₹ 10 each
<b>Equity Shares outstanding after the Issue</b>	17,836,751 Equity Shares of face value of ₹ 10 each
<b>Use of Issue proceeds</b>	Please refer to the section titled “Objects of the Issue” beginning on page 69 of the Draft Red Herring Prospectus.

\* Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 mn. with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

\*\*Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, see “Issue Procedure” on page 309 of the Draft Red Herring Prospectus.

Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category at the sole discretion of our Company, in consultation with the Global Co-ordinator and Book Running Lead Manager and Book Running Lead Manager.

## GENERAL INFORMATION

Our Company was originally incorporated as “Silver Digigraph Private Limited” *vide* Certificate of Incorporation dated October 25, 2002 issued by the Registrar of Companies, Mumbai under the Companies Act. The name of the Company was changed to “Max Flex & Imaging Systems Private Limited” *vide* Fresh Certificate of Incorporation Consequent upon Change of Name dated June 06, 2008. Further, our Company was converted into a public limited company *vide* Fresh Certificate of Incorporation dated September 16, 2010 and subsequently the name of our Company was changed to “Max Flex & Imaging Systems Limited”. Our Company has been allocated Corporate Identification Number U92112MH2002PLC137690.

### Registered Office of our Company

#### Max Flex & Imaging Systems Limited

102, Prime Plaza,  
J. V. Patel Compound,  
Balasaheb Madhukar Marg,  
Elphinstone (W),  
Mumbai – 400 013  
Maharashtra  
India

**Tel No. :** +91-22-4212 2828

**Fax No. :** +91-22-2432 4285

**Contact Person:** Ms. Neha Salia

**Email:** ipo@maxflex.in

**Website:** www.maxflex.in

For details of change in name, please refer to the section titled “*History and Other Corporate Matters*” beginning on page 157 of the Draft Red Herring Prospectus.

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Mumbai, Maharashtra situated at the following address:

100, Everest Building,  
Marine Drive,  
Mumbai - 400 002  
Maharashtra  
India

### Our Board of Directors:

The Board of Directors consists of the following:

Sr. No	Name, age and address	Designation	Nature of Directorship	DIN
.	<b>Mr. Anup Banerji</b>  Age: 60 years  Address: C- 9, Kinellan Tower, 100- A, Nepean Sea Road, Malabar Hill, Mumbai – 400 006, Maharashtra, India	Chairman and Independent Director	Non- Executive	01863598
	<b>Mr. Hitesh Jobalia</b>  Age: 44 years	Managing Director	Executive	01545443



Sr. No	Name, age and address	Designation	Nature of Directorship	DIN
.	<b>Address:</b> Flat Number A/101, Simla House, Napean Sea Road, Mumbai – 400 036, Maharashtra, India			
	<b>Mr. Nimesh Shah</b>	Whole- Time Director	Executive	00153366
	<b>Age:</b> 46 years			
	<b>Address:</b> Number 105/A, Simla House, Napean Sea Road, Mumbai – 400 036, Maharashtra, India			
	<b>Mr. Kirti Doshi</b>	Whole- Time Director	Executive	01550857
	<b>Age:</b> 48 years			
	<b>Address:</b> Flat Number 62, 6 <sup>th</sup> Floor, Brij Kutir Co-operative Housing Society Limited, off Rungta Lane, Napean Sea Road, Mumbai – 400 006, Maharashtra, India			
	<b>Mr. Mitil Chokshi</b>	Independent Director	Non-Executive	01209404
	<b>Age:</b> 40 years			
	<b>Address:</b> No. 15/17, Raghavji Building, Ground Floor, Raghavji Road, Gowalia Tank, Off Kemps Corner, Mumbai – 400 036, Maharashtra, India			
	<b>Mr. Ramakant Nayak</b>	Independent Director	Non-Executive	00129854
	<b>Age:</b> 65 years			
	<b>Address:</b> No. A/11, Anand Dham, 9th Prabhat Colony, Near Hotel Yatri, Santacruz (East), Mumbai – 400 055, Maharashtra, India			

For detailed profiles of our Directors, please refer to the chapters titled “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 169 & 187 respectively of the Draft Red Herring Prospectus.

## COMPANY SECRETARY AND COMPLIANCE OFFICER

**Ms. Neha Salia**  
**Max Flex & Imaging Systems Limited**  
 102, Prime Plaza,  
 J. V. Patel Compound,  
 Balasaheb Madhukar Marg,  
 Elphinstone (W),  
 Mumbai – 400 013  
 Maharashtra  
 India  
**Tel. No. :** +91-22-4212 2828  
**Fax No. :** +91-22-2432 4285  
**Email:** ipo@maxflex.in

**Investors can contact the Compliance Officer Ms. Neha Salia and / or the Registrar to the Issue and/ or the GC-BRLM and BRLM in case of any pre-Issue or post-Issue problems such as non- receipt of letters of Allocation, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt**

of refund orders etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA account number and the designated branch of the relevant SCSB where the ASBA Form was submitted by the ASBA Bidder.

#### **ISSUE MANAGEMENT TEAM**

##### **GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER**

###### **Anand Rathi Advisors Limited**

11<sup>th</sup> Floor, Times Tower, Kamala City,

Senapati Bapat Marg,

Lower Parel,

Mumbai – 400 013

Maharashtra, India

**Tel. No.:** +91-22-4047 7000

**Fax No.:** +91-22-4047 7070

**Website:** www.rathi.com

**Email:** max.ipo@rathi.com

**SEBI Registration No.:** MB/INM000010478

**Contact Person:** Mr. Yash Khajanchi/ Mr. Gaurav Lohiya

##### **BOOK RUNNING LEAD MANAGER**

###### **SMC Capitals Limited**

3<sup>rd</sup> Floor, 'A' wing, Laxmi Tower,

Bandra Kurla Complex,

Mumbai – 400 051

Maharashtra, India

**Tel. No. :** +91-22-6138 3838

**Fax No. :** +91-22-6138 3899

**Website:** www.smccapitals.com

**E-mail:** max.ipo@smccapitals.com

**SEBI Registration No.:** MB/INM000011427

**Contact Person:** Mr. Abhishek Gaur

##### **REGISTRAR TO THE ISSUE**

###### **Bigshare Services Private Limited**

E-2 & 3, Ansa Industrial Estate,

Saki-Vihar Road, Sakinaka,

Andheri (East),

Mumbai - 400 072

Maharashtra, India

**Tel. No.:** +91-22-2847 0652/ 0653

**Fax No.:** +91-22-2847 5207

**Email:** max.ipo@bigshareonline.com

**SEBI Registration No.:** INR000001385

**Contact person:** Mr. Ashok Shetty

##### **LEGAL ADVISORS TO THE ISSUE**

###### **M/s. Crawford Bayley & Co.**

Advocates & Solicitors

State Bank Buildings, 4<sup>th</sup> floor,

N. G. N. Vaidya Marg,

Fort, Mumbai - 400 023

Maharashtra, India

**Tel. No.:** +91-22-2266 8000

**Fax No.:** +91-22-2266 3978

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**Email:** sanjay.asher@crawfordbayley.com

#### **STATUTORY AUDITORS TO OUR COMPANY**

**M/s. D. Kothary & Co.**

**Chartered Accountants**

149, Behram Mahal, 2<sup>nd</sup> Floor,

534, Dhobi Talao,

Mumbai – 400 002

Maharashtra, India

**Firm registration number:** 105335W

**Tel. No.:** +91-22-2209 3344

**Fax No.:** +91-22-2201 7174

**Email:** info@dkothary.com

**Contact Person:** Mr. Mehul Patel

#### **SYNDICATE MEMBERS**

The Syndicate Members shall be appointed prior to the filing the Red Herring Prospectus with the RoC.

#### **BANKERS TO THE ISSUE / ESCROW COLLECTION BANK**

The Bankers to the Issue shall be appointed prior to the filing the Red Herring Prospectus with the RoC.

#### **REFUND BANKER(S) TO THE ISSUE**

The Refund Banker(s) shall be appointed prior to the filing the Red Herring Prospectus with the RoC.

#### **SELF CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process are available at [www.sebi.gov.in](http://www.sebi.gov.in). Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

#### **BANKERS TO OUR COMPANY**

**State Bank of India**

Backbay Reclamation Branch,

Raheja Chamber,

Nariman Point,

Mumbai – 400 021.

Maharashtra, India

**Tel. No.:** 022- 2204 9829

**Fax No.:** 022- 2204 3252

**Email:** sbi.01593@sbi.co.in

**Website:** [www.sbi.co.in](http://www.sbi.co.in)

**Contact Person:** Mr. Nagesh Shetty

#### **ADVISOR TO OUR COMPANY**

**Quest Profin Advisor Private Limited**

27, Maker Bhavan 2,

18, New Marine Lines,

Mumbai - 400 020

Maharashtra, India

**Tel. No.:** +91-22 -6615 7700-03

**Fax No.:** +91-22-6615 7704

**Email:** max@questprofin.co.in

**Contact Person:** Mr. Vilas Darji

## STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth the allocation of responsibilities relating to the Issue, between Anand Rath Advisors Limited (GC-BRLM, ARAL) and SMC Capitals Limited (BRLM, SMC):

Sr. No.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ARAL, SMC	ARAL
2.	Due diligence of the Company's operations / management / business plans/legal etc.	ARAL, SMC	ARAL
3.	Drafting & Design of Issue Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The GC-BRLM and BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI.	ARAL, SMC	ARAL
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	ARAL, SMC	ARAL
5.	Appointment of Registrar, Bankers, Ad Agency, printers and coordination of Issue Stationary	ARAL, SMC	ARAL
6.	Marketing the Issue, including <ul style="list-style-type: none"> <li>Formulating marketing strategy</li> <li>Preparation of publicity budget</li> </ul>	ARAL, SMC	SMC
7.	Finalize the list and division of Institutional Investors	ARAL, SMC	ARAL
8.	Institutional Marketing Strategy <ul style="list-style-type: none"> <li>Preparing necessary publicity and presentation materials</li> <li>Coordinating the international road show</li> </ul>	ARAL, SMC	ARAL
9.	Retail/HNI Marketing strategy <ul style="list-style-type: none"> <li>Formulate retail/HNI marketing strategy</li> <li>Finalize and coordinate conference centers</li> </ul>	ARAL, SMC	SMC
10.	Interaction & co-ordination with Stock Exchanges for book-building software, bidding terminals and mock trading	ARAL, SMC	SMC
11.	Pricing	ARAL, SMC	ARAL
12.	The post bidding activities including, management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation, dispatch of refund orders to Bidders etc.	ARAL, SMC	SMC
13.	The post issue activities for the Issue will involve essential follow up steps, which include the finalisation of listing of Equity Shares and dispatch of allotment advice and refund orders, co-ordination with the various agencies connected with the work such as the Registrars to the Issue, Bankers to the Issue and the bank handling refund business.	ARAL, SMC	SMC

The selection of various agencies like the Bankers to the Issue, Syndicate Members, Brokers, Advertising agencies etc. will be finalised by our Company in consultation with the GC-BRLM prior to the filing of the Red Herring Prospectus with the Registrar of Companies.

## **CREDIT RATING**

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

## **IPO GRADING AGENCY**

[●]

## **IPO GRADING**

This Issue has been graded by [●], a SEBI registered credit rating agency, as [●] indicating [●] fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. A copy of the press release provided by [●], furnishing the rationale for its grading will be attached as Annexure I at the time of filing the Red Herring Prospectus with the RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

## **EXPERTS**

Except for the report of [●] in respect of the IPO Grading of this Issue and the reports of the Auditor of our Company on the restated financial statements, included in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

## **TRUSTEES**

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

## **APPRAISAL**

None of the objects of this Issue have been appraised by an independent agency.

## **MONITORING AGENCY**

In terms of Regulation 16(1) of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee constituted by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of this Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

## **BOOK BUILDING PROCESS**

Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the GC-BRLM and BRLM and advertised at least two working days prior to the Bid/ Issue Opening Date. The Issue Price will be finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- GC-BRLM, in this case being Anand Rathi Advisors Limited and BRLM, in this case SMC Capitals Limited;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as underwriters;
- Sub Syndicate Member(s);
- Registrar to the Issue, in this case being Bigshare Services Private Limited;
- Banker(s) to the Issue; and

- Self Certified Syndicate Banks.

The SEBI ICDR Regulations have permitted an issue of securities to the public through the Book Building Process, wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders on a proportionate basis and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the GC-BRLM, BRLM and the Designated Stock Exchange

Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 mn. with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

We will comply with the SEBI ICDR Regulations for this Issue. In this regard, we have appointed Anand Rathi Advisors Limited and SMC Capitals Limited as the GC-BRLM and BRLM, respectively, to manage the Issue and procure subscriptions to the Issue.

**In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIBs portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please refer “The Issue” on page 44 of the Draft Red Herring Prospectus.**

All the Bidders, except Anchor Investors, shall have the option to submit their Bids under the “ASBA Process”, which would entail blocking of funds in the investor’s bank account rather than immediate transfer of funds to the respective Escrow Accounts.

**The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

**Investors are advised to make their own judgment about investment through the ASBA process prior to submitting a ASBA Bid cum Application Form to an SCSB/ Syndicate Member.**

**Illustration of Book Building Process and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹ )	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%



The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the GC-BRLM and BRLM, will finalise the Issue Price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this Issue Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

#### Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see “*Issue Procedure*” on page 309 of the Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form, as the case may be.
3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form (see “*Issue Procedure*” on page 309 of the Draft Red Herring Prospectus);
4. Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form or ASBA Bid cum Application Form; and
5. Ensure the correctness of your demographic details (as defined in the section titled “*Issue Procedure*” on page 309 of the Draft Red Herring Prospectus) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
6. Bids by QIBs (including Anchor Investors) will only have to be submitted to the GC-BRLM and/ or BRLM and / or their affiliates or to the Syndicate Member(s); and
7. ASBA Bidders (including QIB Bidders but excluding Anchor Investors) can submit an ASBA Bid cum Application Form either in physical or electronic form to (a) the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form; or (b) to the members of the Syndicate who shall further submit such ASBA Bid cum Application Form to the SCSBs. ASBA Bidders who are not QIB Bidders can also submit ASBA Bids to Sub- Syndicate Members. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected.

#### WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the GC-BRLM and BRLM, reserves the right not to proceed with the Issue after the Bid/ Issue Opening Date but before the Board Meeting for Allotment, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre- issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. The GC-BRLM and BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from

such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

## BID/ISSUE PROGRAMME

BID/ISSUE OPENING DATE [●]*	BID/ISSUE CLOSING DATE FOR QIB BIDDERS [●]**
	BID/ISSUE CLOSING DATE FOR NON- QIB BIDDERS [●]

*\*Our Company may, in consultation with the GC-BRLM and BRLM, allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/ Issue Closing Date subject to the Bid/ Issue Period being for a minimum of three Working Days.*

*\*\*Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of three Working Days.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIBs bidding in the Net QIB Portion, Non-Institutional Bidders where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is upto ₹ 200,000, which may be extended upto such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by the GC-BRLM and BRLM to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders, except Anchor Investors, are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by BSE and NSE.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the GC-BRLM and BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, not later than the timings mentioned above. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the GC-BRLM and BRLM and the relevant Syndicate Member shall not be responsible. Bids will be accepted only on Working Days, i.e. Monday to Friday (excluding any public holidays).

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the GC-BRLM and BRLM to the Stock Exchanges within half an hour of such closure.

Our Company in consultation with the GC-BRLM and BRLM, reserves the right to revise the Price band during the Bid/ Issue Period in accordance with SEBI ICDR Regulations, 2009. The Cap Price should not be more than 120% of the floor of the Price band. Subject to compliance with the immediately preceding sentence,

the Floor Price can be revised up or down to the extent of 20% of the Floor Price as originally disclosed at least two Working Days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/ Issue Period will be extended for three additional Working Days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the GC-BRLM and BRLM, at the terminals of the Syndicate and to the SCSBs. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares, subject to the Bid Amount payable on such minimum application being in the range of ₹ 5,000 to ₹ 7,000.

### Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the GC-BRLM and BRLM, respectively to the extent undertaken, shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [●], and has been approved by our Board of Directors / committee thereof.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in mn)
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned would be finalized after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the stock exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the GC-BRLM and BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount. If the Syndicate Member(s) fails to fulfil its underwriting obligations as set out in the Underwriting Agreement, the GC-BRLM and BRLM shall fulfil the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member.

## CAPITAL STRUCTURE

The Equity Share Capital of our Company as on the date of the Draft Red Herring Prospectus is as set forth below:

No.	Particulars	Nominal Value (₹)	Aggregate value at Issue Price (₹)
<b>A</b>	<b>Authorised Share Capital</b>		
	20,000,000 Equity Shares of ₹ 10 each	200,000,000.00	
<b>B</b>	<b>Issued, Subscribed and Paid Up Capital before the Issue</b>		
	12,526,751 Equity Shares of ₹ 10 each	125,267,510.00	
<b>C</b>	<b>Present Issue in terms of the Draft Red Herring Prospectus<sup>1</sup></b>		
	5,310,000 Equity Shares of ₹ 10 each <sup>2</sup>	53,100,000.00	[●]
	<b>Which comprises:</b>		
	• QIB Portion of not more than 2,655,000 Equity Shares, of which the:		
	Anchor Investor Portion is upto 796,500 Equity Shares <sup>3</sup>		
	Net QIB Portion of not more than 1,858,500 Equity Shares, of which the:		
	Mutual Fund Portion is 92,925 Equity Shares <sup>4</sup>		
	Other QIBs (including Mutual Funds) is 1,735,650 Equity Shares		
	• Non-Institutional Portion - Not less than 796,500 Equity Shares		
	• Retail Portion - Not less than 1,858,500 Equity Shares		
<b>D</b>	<b>Paid Up Equity Capital after the Issue</b>		
	17,836,751 Equity Shares of ₹ 10 each	178,367,510.00	
<b>E</b>	<b>Share Premium Account</b>		
	Before the Issue	51,340,000.00	
	After the Issue <sup>5</sup>		[●]

<sup>1</sup>The Issue in terms of the Draft Red Herring Prospectus has been authorized by the Board of Directors pursuant to a resolution dated September 16, 2010 and by the shareholders pursuant to a resolution in an EGM held on September 20, 2010 under section 81(1A) of the Companies Act.

<sup>2</sup>Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 mn. with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

<sup>3</sup>Out of the QIB Portion, our Company may consider participation by Anchor Investors for upto 796,500 Equity Shares in accordance with the SEBI ICDR Regulations at the Anchor Investor Issue Price, out of which at least one third shall be allocated to domestic Mutual Funds.

<sup>4</sup>The Mutual Fund Portion would be 5% of the Net QIB Portion.

<sup>5</sup>The Securities Premium Account after the Issue will be determined after Book Building Process

For further details, please refer to the section titled "Issue Procedure" beginning on page 309 of the Draft Red Herring Prospectus.

## Details of Increase in Authorized Equity Share Capital

Sr. No.	Particulars of Increase/Modification (in ₹)	Number of Equity Shares	Cumulative No. of Equity Shares	Cumulative Authorised Equity Share Capital (₹)	Date of Shareholders' Meeting	AGM / EGM
1.	Incorporation	--	50,000	500,000.00	-	-
2.	Increase from ₹ 0.50 mn. to ₹ 10.00 mn. with the addition of 0.95 mn. equity shares of face value ₹ 10 each	950,000	1,000,000	10,000,000.00	March 31, 2005	EGM
3.	Increase from ₹ 10.00 mn. to ₹ 20.00 mn. with the addition of 1 mn. equity shares of face value ₹ 10 each	1,000,000	2,000,000	20,000,000.00	April 01, 2007	EGM
4.	Increase from ₹ 20.00 mn. to ₹ 50.00 mn. with the addition of 3 mn. equity shares of face value ₹ 10 each	3,000,000	5,000,000	50,000,000.00	April 05, 2007	EGM
5.	Increase from ₹ 50.00 mn. to ₹ 80.00 mn. with the addition of 3 mn. equity shares of face value ₹ 10 each	3,000,000	8,000,000	80,000,000.00	March 27, 2008	EGM
6.	Increase from ₹ 80.00 mn. to ₹ 100.00 mn. with the addition of 2 mn. equity shares of face value ₹ 10 each	2,000,000	10,000,000	100,000,000.00	March 16, 2009	EGM
7.	Increase from ₹ 100.00 mn. to ₹ 150.00 mn. with the addition of 5 mn. equity shares of face value of ₹ 10 each	5,000,000	15,000,000	150,000,000.00	December 01, 2009	EGM
8.	Increase from ₹ 150.00 mn. to ₹ 200.00 mn. with the addition of 5 mn. equity shares of face value of ₹ 10 each	5,000,000	20,000,000	200,000,000.00	September 20, 2010	EGM

## Notes to Capital Structure:

### 1. Equity Share Capital History

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Shares (₹)	Issue Price per Equity Shares (₹)	Nature of Consideration	Nature of allotment	Cumulative no. of Equity Shares	Cumulative Paid up Share Capital (₹)	Cumulative Share Premium (₹)
October 25, 2002	10,000	10	10	Cash	Allotment made to original Promoters upon subscription	10,000	100,000.00	-
December 05, 2005	100,000	10	30	Cash	Preferential allotment to Alka Securities Limited	110,000	1,100,000.00	2,000,000.00

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Shares (₹)	Issue Price per Equity Shares (₹)	Nature of Consideration	Nature of allotment	Cumulative no. of Equity Shares	Cumulative Paid up Share Capital (₹)	Cumulative Share Premium (₹)
March 31, 2007	649,000	10	10	Cash	Allotment made to First Stock & Bond Trading Company Private Limited	759,000	7,590,000.00	2,000,000.00
April 05, 2007	1,838,300	10	10	Cash	Allotment made to Promoters, Promoter Group and to the then Director and promoter of our Company	2,597,300	25,973,000.00	2,000,000.00
January 01, 2008	410,000	10	10	Cash	Allotment made to Promoters and Promoter Group	3,007,300	30,073,000.00	2,000,000.00
January 08, 2008	250,000	10	40	Cash	Preferential allotment to Mr. Narendraku mar Dadia	3,257,300	32,573,000.00	9,500,000.00
March 29, 2008	4,662,866	10	10	Other than cash	Scheme of Arrangement <sup>1</sup>	7,920,166	79,201,660.00	11,375,000.00 <sup>2</sup>
October 01, 2008	15,245	10	10	Other than cash	Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia <sup>3</sup>	7,935,411	79,354,110.00	11,375,000.00
October 01, 2008	12,643	10	10	Other than cash	Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia <sup>4</sup>	7,948,054	79,480,540.00	11,375,000.00
October 01, 2008	24,446	10	10	Other than cash	Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia <sup>5</sup>	7,972,500	79,725,000.00	11,375,000.00
December 31, 2009	32,500	10	200	Cash	Preferential allotment <sup>6</sup>	8,005,000	80,050,000.00	17,550,000.00
March 31, 2010	94,834	10	200	Cash	Preferential allotment <sup>7</sup>	8,099,834	80,998,340.00	35,568,460.00
August 05, 2010	50,000	10	10	Cash	Preferential allotment <sup>8</sup>	8,149,834	81,498,340.00	35,568,460.00
September 27, 2010	4,074,917	10	-	Bonus	Bonus issue made in the ratio of 1:2 <sup>9</sup>	12,224,751	122,247,510.00	Nil



Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Shares (₹)	Issue Price per Equity Shares (₹)	Nature of Consideration	Nature of allotment	Cumulative no. of Equity Shares	Cumulative Paid up Share Capital (₹)	Cumulative Share Premium (₹)
November 12, 2010	302,000	10	180	Cash	Preferential allotment <sup>10</sup>	12,526,751	125,267,510.00	51,340,000.00

<sup>1</sup>Allotment made pursuant to order of the High Court of Judicature at Bombay dated March 28, 2008, wherein the scheme of amalgamation of Max Converters Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Limited in accordance with Sections 391- 394 of the Companies Act, with our Company was approved. For further details, please see the section titled "History and Other Corporate Matters" on page 157 of the Draft Red Herring Prospectus.

<sup>2</sup>Pursuant to the merger of Sterling Media Private Limited with our Company, amounts lying in the credit of the securities premium account of Sterling Media Private Limited, aggregating to ₹ 1,875,000.00 were added to our Company's Securities Premium Account. For further details, please see the section titled "History and Other Corporate Matters" on page 157 of the Draft Red Herring Prospectus.

<sup>3</sup>Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia pursuant to the acquisition of the business of M/s. Max Convertors, a partnership firm by our Company.

<sup>4</sup>Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia pursuant to the acquisition of the business of M/s. Max Traders, a partnership firm by our Company.

<sup>5</sup>Allotment made to Mr. Hitesh Jobalia and Ms. Dipti Jobalia pursuant to the acquisition of the business of M/s. M/s. Silver Graphics, a partnership firm by our Company

<sup>6</sup>Preferential allotment of 32,500 equity shares of our Company of face value ₹ 10 per equity share made to First Stock & Bond Trading Company Private Limited (25,000 Equity Shares) and Terry Towel Industries Limited (7,500 Equity Shares) for total consideration of ₹ 6,500,000.00

<sup>7</sup>Preferential allotment of 94,834 equity shares of our Company of face value ₹ 10 per equity share made to Shyam Star Gems Limited for total consideration of ₹ 18,966,800.00

<sup>8</sup>Preferential allotment of 50,000 equity shares of our Company of face value ₹ 10 per equity share made to employees for total consideration of ₹ 500,000.00

<sup>9</sup>4,074,917 Equity Shares were allotted as bonus shares by capitalizing ₹ 35,568,460.00 from securities premium account and ₹ 5,180,710.00 from profit and loss account

<sup>10</sup>Preferential allotment of 302,000 equity shares of our Company of face value ₹ 10 per equity share made to Mr. Paresh Zaveri (150,000 Equity Shares), Ms. Sonal Koradia (jointly with Ms. Vasumati Koradia) (50,000 Equity Shares), Mr. Abhinav Daga (27,000 Equity Shares) and Mr. Ajay Sarupria (jointly with Ms. Jasmine Sarupria) (75,000 Equity Shares), for total consideration of ₹ 54,360,000.00

## 2. Equity Shares issued for consideration other than cash

Except as stated in the below mentioned table, our Company has not issued any equity shares for consideration other than cash.

Sr. No.	Persons to whom allotted	Number of Equity Shares allotted	Whether benefits have accrued to the Issuer
1.	Allotment of 4,662,866 equity shares of our Company of face value ₹ 10 each made at par pursuant to order of the High Court of Judicature at Bombay dated March 28, 2008 in Company Petition number 14 of 2008 connected with Company Application number 1334 of 2008, wherein the scheme of amalgamation of Max Converters Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Limited ("Transferor Companies") with our Company was approved. The allotment was made on March 29, 2008.		
	Mr. Hitesh Jobalia	2,113,773	Acquisition of the business of the Transferor Companies as going concerns by our Company.
	Ms. Dipti Jobalia	417,333	
	Mr. Nimesh Shah	475,280	
	Mr. Vasant Khopade	498,118	
	Mr. Kirti Doshi	359,351	
	Pine Derivatives Marketing Private Limited	577,060	

Sr. No.	Persons to whom allotted	Number of Equity Shares allotted	Whether benefits have accrued to the Issuer
	Quest Profin Advisor Private Limited	94,428	
	Ms. Neeta Kothary	7,869	
	Ms. Tejal Chauhan	7,869	
	Mr. Hasukumar Doshee	1,415	
	Mr. Prabir Doshee	1,415	
	Mr. Rajesh Dadia	108,955	
2.	Allotment of 15,245 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the business of M/s. Max Convertors as a going concern by our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	5,851	Acquisition of business of M/s. Max Convertors by our Company.
	Ms. Dipti Jobalia	9,394	
3.	Allotment of 12,643 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the assets and liabilities of M/s. Max Traders as a going concern by our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	9,021	Acquisition of business* of M/s. Max Traders by our Company.
	Ms. Dipti Jobalia	3,622	
4.	Allotment of 24,446 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the assets and liabilities of M/s. Silver Graphics as a going concern by our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	9,571	Acquisition of business* of M/s. Silver Graphics by our Company.
	Ms. Dipti Jobalia	14,875	

\* In respect of certain assets of M/s. Max Traders and M/s. Silver Graphics the conveyance documents for transfer of title to our Company has not been executed as on the date of the Draft Red Herring Prospectus. For details please see the section titled "Our Business - Property" on page 111 of the Draft Red Herring Prospectus.

- Our Company has allotted 4,662,866 equity shares of face value ₹ 10 each at par pursuant to the order of the High Court of Judicature at Bombay dated March 28, 2008, wherein the scheme of amalgamation of Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Limited with our Company was approved. The same was made in accordance with the provisions of Sections 391- 394 of the Act. For further details please refer to section titled "History and Other Corporate Matters" beginning on page 157 of the Draft Red Herring Prospectus.
- Our Company has not re-valued its assets since inception and has not issued any Equity Shares out of revaluation reserves.
- Our Company does not have an employee stock option or employee stock purchase scheme for our employees as on the date of the Draft Red Herring Prospectus.
- We presently do not have any proposal or intention to alter our capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
- In the last one year, we have issued the following Equity Shares at a price that may be lower than the Issue Price.

Date of Allotment	Name of Allottee	Nature of Allotment	No. of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price per Equity Share (in ₹)	Consideration
December 31, 2009	First Stock & Bond Trading Company Private Limited	Preferential allotment to others	25,000	10	200	Cash
December 31, 2009	Terry Towel Industries Limited	Preferential allotment to others	7,500	10	200	Cash
March 31, 2010	Shyam Star Gems Limited	Preferential allotment to others	94,834	10	200	Cash
August 5, 2010	Mr. Bhavesh Domadia	Preferential allotment to employees	20,000	10	10	Cash
	Mr. Tapas Kumar Chattopadhyay		1,000	10	10	Cash
	Mr. Deepak Patel		1,000	10	10	Cash
	Mr. Nilesh Thole		1,000	10	10	Cash
	Mr. Ramesh Gondal		1,000	10	10	Cash
	Mr. Amit Kulkar		1,000	10	10	Cash
	Mr. Muthuswamy Bala Subramaniam		1,000	10	10	Cash
	Mr. Rajendra K.S.K Raman		1,000	10	10	Cash
	Mr. Sanjay Chandulal Shah		1,000	10	10	Cash
	Mr. Jayesh Manilal Vora		1,000	10	10	Cash
	Mr. Vinod Rameshwar Nagi		2,500	10	10	Cash
	Mr. Prashant Giridhar Menon		2,500	10	10	Cash
	Mr. Jaspal Katrora Singh		2,500	10	10	Cash
	Mr. Amish Gandhi		3,000	10	10	Cash
	Mr. P.R. Ramnarayan		1,000	10	10	Cash
	Mr. P.S. Krishnan		1,000	10	10	Cash
	Mr. L.V. Sankar Narayan		1,000	10	10	Cash
	Mr. Venkatraman Bhaskar		1,000	10	10	Cash
	Mr. Chandramouli Nagrajan		1,000	10	10	Cash
	Mr. Ammala Hame Venkata Giribabu		1,000	10	10	Cash
	Mr. Chittekodath Cleatus		1,000	10	10	Cash
	Mr. Ayush Tiwari		1,000	10	10	Cash
	Mr. Nishith Sheth		2,500	10	10	Cash
September 27, 2010	To members of our Company as on the Record date	Bonus issue in the ratio of 1 bonus share for every 2 Equity Shares held on the record date	4,074,917	10	-	-
November 12, 2010	Mr. Paresh Zaveri	Preferential allotment to others	150,000	10	180	Cash
	Ms. Sonal Koradia (jointly with Ms. Vasumati Koradia)		50,000			

Date of Allotment	Name of Allottee	Nature of Allotment	No. of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price per Equity Share (in ₹)	Consideration
	Mr. Abhinav Daga		27,000			
	Mr. Ajay Sarupria (jointly with Ms. Jasmine Sarupria)		75,000			

## 8. Promoters' Contribution and Lock in details:

### A. Capital built up of the Promoters is detailed below:

Date of Allotment / Transfer	Nature of Allotment/ details of transfer (Bonus, Rights etc.)	No. of Equity Shares	Face Value per Equity Share (in ₹)	Issue / Transfer Price per Equity Share (in ₹)	Consideration	% of Pre Issue Capital	% of Post Issue Capital
<b>Mr. Hitesh Jobalia</b>							
October 25, 2002	Subscription to the MOA	2,000	10	10	Cash	0.02	0.01
December 22, 2005	Transfer from Alka Securities Limited	100,000	10	10	Cash	0.80	0.56
April 05, 2007	Allotment	1,409,400	10	10	Cash	11.25	7.90
April 30, 2007	Transfer from First Stock & Bond Trading Company Private Limited	648,900	10	10	Cash	5.18	3.64
January 01, 2008	Allotment	350,000	10	10	Cash	2.79	1.96
March 29, 2008	Allotment	2,113,773	10	10	Scheme of Arrangement	16.87	11.85
March 31, 2008	Transfer from Mr. Vasant Khopade	597,018	10	10	Cash	4.77	3.35
March 31, 2008	Transfer from Mr. Hasukumar Doshee	1,415	10	10	Cash	0.01	0.01
March 31, 2008	Transfer from Mr. Prabir Doshee	1,415	10	10	Cash	0.01	0.01
October 01, 2008	Allotment	5,851	10	10	Acquisition of the business of M/s. Max Traders	0.05	0.03
October 01, 2008	Allotment	9,021	10	10	Acquisition of the business of M/s. Max Convertors	0.07	0.05
October 01, 2008	Allotment	9,571	10	10	Acquisition of the business of M/s. Silver Graphics	0.08	0.05
January 15, 2010	Transfer from Terry Towel Industries Limited	7,500	10	200	Cash	0.06	0.04
January 15, 2010	Transfer from First Stock &	25,000	10	200	Cash	0.20	0.14

Date of Allotment / Transfer	Nature of Allotment/ details of transfer (Bonus, Rights etc.)	No. of Equity Shares	Face Value per Equity Share (in ₹)	Issue / Transfer Price per Equity Share (in ₹)	Consideration	% of Pre Issue Capital	% of Post Issue Capital
January 15, 2010	Bond Trading Company Private Limited Transfer from First Stock & Bond Trading Company Private Limited	100	10	10	Cash	Negligible	Negligible
April 15, 2010	Transfer from Mr. Rajesh Chunilal Dadia	118,955	10	10	Cash	0.95	0.67
September 27, 2010	Bonus Issue in the ratio of 1:2	2,699,959	10	-	Bonus	21.55	15.14
<b>Total (A)</b>		<b>8,099,878</b>				<b>64.66</b>	<b>45.41</b>
<b>Mr. Nimesh Shah</b>							
October 25, 2002	Subscription to the MoA	2,000	10	10	Cash	0.02	0.01
March 29, 2008	Allotment	475,280	10	10	Scheme of Arrangement	3.79	2.66
September 27, 2010	Bonus Issue in the ratio of 1:2	238,640	10	-	Bonus	1.91	1.34
<b>Total (B)</b>		<b>715,920</b>				<b>5.72</b>	<b>4.01</b>
<b>Mr. Kirti Doshi</b>							
March 29, 2008	Allotment	359,351	10	10	Scheme of Arrangement	2.87	2.01
September 27, 2010	Bonus Issue in the ratio of 1:2	179,675	10	-	Bonus	1.43	1.01
<b>Total (C)</b>		<b>539,026</b>				<b>4.30</b>	<b>3.02</b>
<b>Total (A)+(B)+(C)</b>		<b>9,354,824</b>				<b>74.68</b>	<b>52.45</b>

#### B. Details of Promoter's Contribution locked in for 3 years:

Pursuant to Regulation 36(a) the SEBI ICDR Regulations, an aggregate of 20% of the post Issue shareholding of the Promoter shall be locked in for a period of 3 years from the date of Allotment of Equity Shares in the Issue. Further our Promoters have given their written consent for including the following Equity Shares as a part of Promoter's contribution. The details of such lock in are set forth in the table below:

Sr. No.	Allotment/ Transfer	Date of allotment/ transfer	Number of Equity Shares	Issue/ acquisition price per Equity Share (₹)	Nature of transaction (cash/ other than cash)	Consideration (₹)	% of post-Issue Capital
<b>Mr. Hitesh Jobalia</b>							
	Transfer from Alka Securities Limited	April 02, 2007	100,000	10	Cash	1,000,000	0.56
	Allotment	April 05, 2007	1,409,400	10	Cash	14,094,000	7.90
	Transfer from First Stock & Bond Trading	April 30, 2007	648,900	10	Cash	6,489,000	3.64

Sr. No.	Allotment/ Transfer	Date of allotment/ transfer	Number of Equity Shares	Issue/ acquisition price per Equity Share (₹ )	Nature of transaction (cash/ other than cash)	Consideration (₹ )	% of post-Issue Capital
	Company Private Limited						
	Bonus Issue in the ratio of 1:2	September 27, 2010	1,079,150	-	Bonus	10,791,500	6.05
	<b>TOTAL (A)</b>		<b>3,237,450</b>				<b>18.15</b>
<b>Mr. Nimesh Shah</b>							
	Allotment	October 25, 2002	2,000	10	Cash	20000	0.01
	Allotment	March 29, 2008	248,000	10	Scheme of Arrangement	2,480,000	1.39
	<b>TOTAL (B)</b>		<b>250,000</b>				<b>1.40</b>
<b>Mr. Kirti Doshi</b>							
	Allotment	March 29, 2008	250,000	10	Scheme of Arrangement	2,500,000	1.40
	<b>TOTAL (C )</b>		<b>250,000</b>				<b>1.40</b>
	<b>TOTAL (A + B + C)</b>		<b>3,737,450</b>				<b>21.50</b>

**Note:** a) The lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.

- b) The Equity Shares that are being locked-in are not in-eligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:
- The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three (3) years for consideration out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution. The Promoters' contribution of 20% of the post- Issue Capital, which is subject to lock- in for three years includes Equity Shares allotted to our Promoters for consideration other than cash. However, these Equity Shares have been allotted in terms of the scheme under sections 391-394 of the Companies Act, 1956, as approved by the High Court of Judicature at Mumbai, to our Promoters in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval. Accordingly, the said Equity Shares are eligible for inclusion in the minimum Promoter's contribution;
  - The Equity Shares offered for minimum 20% Promoter's contribution do not include any Equity Shares acquired during the preceding 1 year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
  - The Equity Shares offered for minimum 20% Promoter's contribution were not issued to the Promoter upon conversion of a partnership firm;
  - The Equity Shares offered for minimum 20% Promoter's contribution are not subject to any pledge; and
  - In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock in will not be disposed/ sold/ transferred by our Promoter during the period starting from the date of filing of the Draft Red Herring Prospectus with SEBI till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus.
- c) The minimum Promoter's contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained consents from our Promoters for the lock-in of 3,737,450 Equity Shares, held by them, for a period of 3 years from the date of Allotment in the Issue and for lock in of the balance



pre-Issue Equity Share capital of our Company, held by them, for a period of 1 year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the minimum Promoter's contribution are not subject to pledge.

**C. Details of share capital locked-in for 1 year:**

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of the Promoter's Contribution as stated above, the balance pre-Issue Equity Share capital of our Company, will be locked-in for a period of 1 year from the date of Allotment in the Issue.

**D. Other requirements in respect of Lock-in of Equity Shares**

In terms of Regulation 39 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

- a) if the Equity Shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the Objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan;
- b) if the Equity Shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of specified Equity Shares is one of the terms of sanction of the loan.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoters may be transferred to and amongst our Promoters or Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

**E. Lock-in of Equity Shares to be issued, if any, to Anchor Investor**

Any Equity Shares allotted to Anchor Investors shall be locked-in for a period of thirty (30) days from the date of Allotment of Equity Shares in the Issue.

9. The Promoters' contribution of 20% of the post- Issue Capital, which is subject to lock- in for three years includes Equity Shares allotted to our Promoters for consideration other than cash. However, these Equity Shares have been allotted in terms of the scheme under sections 391-394 of the Companies Act, 1956, as approved by the High Court of Judicature at Mumbai, to our Promoters in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval. Accordingly, the said Equity Shares are eligible for inclusion in the minimum Promoter's contribution.
10. The Equity Shares which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges, where the shares are to be listed, before the listing of the Equity Shares.
11. None of the Equity Shares of our Company, held by our Promoters, has been pledged in favour of any person as on the date of the Draft Red Herring Prospectus.
12. During the past six months, there are no transactions wherein equity shares of our Company have been purchased/(sold) by our Promoters, their immediate relatives, persons in promoter group (as defined under sub-clause (zb)(ii) sub-regulation (1) Regulation 2 of the SEBI ICDR Regulations) or the Directors of our Company.

13. None of our Promoters, Promoter Group, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.
14. Our Company, our Promoters, our Directors and the GC-BRLM and BRLM to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through the Draft Red Herring Prospectus.
15. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum Allotment being equal to [●] Equity Shares, which is the minimum bid lot in this Issue. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after this Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
16. All the successful applicants will be issued fully paid-up Equity Shares only.
17. Shareholding Pattern of our Company as per Clause 35 of the Equity Listing Agreement:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form*	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percent age of(A+B)	As a percent age of (A+B+C)	Number of shares	As a percent age
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	4	10,616,660	6,718,423	84.75	84.75	-	-
(b)	Central Government/ State Government(s)	-	-	-				
(c)	Bodies Corporate	-	-	-				
(d)	Financial Institutions/ Banks	-	-	-				
(e)	Any Others(Specify)	-	-	-				
	<b>Sub Total(A)(1)</b>	<b>4</b>	<b>10,616,660</b>	<b>6,718,423</b>	<b>84.75</b>	<b>84.75</b>	<b>-</b>	<b>-</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-
d	Any Others(Specify)	-	-	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>4</b>	<b>10,616,660</b>	<b>6,718,423</b>	<b>84.75</b>	<b>84.75</b>		
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	-	-	-				
(b)	Financial Institutions/ Banks	-	-	-				
(c)	Central Government/ State Government(s)	-	-	-				
(d)	Venture Capital Funds	-	-	-				

(e)	Insurance Companies	-	-	-		
(f)	Foreign Institutional Investors	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-		
(h)	Any Other (specify)	-	-	-		
	<b>Sub-Total (B)(1)</b>	-	-	-		
<b>B 2</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	2	995,232	-	<b>7.94</b>	<b>7.94</b>
(b)	Individuals					
	Individuals -i. Individual shareholders holding nominal share capital upto Rs 1 lakh	5	9,525	-	-	-
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	10	587,859	-		
(c)	Any Other (specify)	-	-			
(c-i)	Employees	29	317,475	53,500		
(c-ii)						
	<b>Sub-Total (B)(2)</b>	<b>46</b>	<b>1,910,091</b>	<b>53,500</b>	<b>15.25</b>	<b>15.25</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>46</b>	<b>1,910,091</b>	<b>53,500</b>	<b>15.25</b>	<b>15.25</b>
	<b>TOTAL (A)+(B)</b>	<b>50</b>	<b>12,526,751</b>	<b>6,771,923</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-		
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>50</b>	<b>12,526,751</b>	<b>6,771,923</b>	<b>100.00</b>	<b>100.00</b>

\*as on November 19, 2010.

The Pre-Issue & Post-Issue shareholding pattern of our Promoters & Promoter Group is as under:

Sr. No.	Particulars	Pre-Issue		Post-Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
<b>A.</b>	<b>Promoters</b>				
	Mr. Hitesh Jobalia	8,099,878	64.66	8,099,878	45.41
	Mr. Nimesh Shah	715,920	5.72	715,920	4.01
	Mr. Kirti Doshi	539,026	4.30	539,026	3.02
	<b>Total (A)</b>	<b>9,354,824</b>	<b>74.68</b>	<b>9,354,824</b>	<b>52.45</b>
<b>B.</b>	<b>Promoter Group</b>				
	Ms. Dipti Jobalia	1,261,836	10.07	1,261,836	7.07
	<b>Total (B)</b>	<b>1,261,836</b>	<b>10.07</b>	<b>1,261,836</b>	<b>7.07</b>
	<b>Total Promoter and Promoter Group (A + B)</b>	<b>10,616,660</b>	<b>84.75</b>	<b>10,616,660</b>	<b>59.52</b>

18. As on the date of filing of the Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares.

19. In the case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, 5% of the Net QIB Portion shall be reserved for Mutual Funds only subject to valid Bids being received at or above the Issue Price. Mutual Funds participating in the Mutual Fund Portion of

the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Undersubscription, if any, in the Mutual Funds portion will be met by a spillover from the QIB Portion and be allotted proportionately to the QIB Bidders. Further, not less than 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

20. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the GC-BRLM and BRLM and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
21. As on date of filing of the Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
22. For details of the shareholding of our Directors and Key Managerial Personnel as on the date of the Draft Red Herring Prospectus, please refer to the section titled “*Our Management*” on page 169 of the Draft Red Herring Prospectus.
23. Particulars of top ten shareholding is as follows:

a. As on the date of filing the Draft Red Herring Prospectus

Name of the Shareholders	No. of Shares	% of then Issued Capital
Mr. Hitesh Jobalia	8,099,878	64.66
Ms. Dipti Jobalia	1,261,836	10.07
Pine Derivatives Marketing Private Limited	853,590	6.81
Mr. Nimesh Shah	715,920	5.72
Mr. Kirti Doshi	539,026	4.30
Mr. Paresh Zaveri	150,000	1.20
Quest Profin Advisor Private Limited	141,642	1.13
Mr. Elesh Gopani (jointly with Mr. Ashish Gopani)	105,000	0.84
Mr. Rajesh Dadia	75,000	0.60
Mr. Pankaj Jobalia	75,000	0.60
Mr. Ajay Sarupria	75,000	0.60
<b>Total</b>	<b>12,091,892</b>	<b>96.52</b>

b. 10 days prior to the date of filing the Draft Red Herring Prospectus

Name of the Shareholders	No. of Shares	% of then Issued Capital
Mr. Hitesh Jobalia	8,099,878	64.66
Ms. Dipti Jobalia	1,261,836	10.07
Pine Derivatives Marketing Private Limited	853,590	6.81
Mr. Nimesh Shah	715,920	5.72
Mr. Kirti Doshi	539,026	4.30
Mr. Paresh Zaveri	150,000	1.20
Quest Profin Advisor Private Limited	141,642	1.13
Mr. Elesh Gopani (jointly with Mr. Ashish Gopani)	105,000	0.84
Mr. Rajesh Dadia	75,000	0.60
Mr. Pankaj Jobalia	75,000	0.60
Mr. Ajay Sarupria	75,000	0.60
<b>Total</b>	<b>12,091,892</b>	<b>96.52</b>

c. 2 years prior to the date of filing the Draft Red Herring Prospectus

Name of the Shareholders	No. of Shares	% of then Issued Capital
Mr. Hitesh Jobalia	52,48,364	65.83
Ms. Dipti Jobalia	8,41,224	10.55
Pine Derivatives Marketing Private Limited	5,77,060	7.24

Mr. Nimesh Shah	4,77,280	5.99
Mr. Kirti Doshi	3,59,351	4.51
Mr. Narendra Dadia	2,50,000	3.14
Mr. Rajesh Dadia	1,08,955	1.37
Quest Profin Advisor Private Limited	94,428	1.18
Ms. Neeta Kothary	7,869	0.10
Ms. Tejal Chauhan	7,869	0.10
<b>Total</b>	<b>79,72,400</b>	<b>99.99</b>

24. Our Company has not made any public issue or rights issue since its incorporation.
25. Our Company has not raised any bridge loan against the proceeds of this Issue.
26. Subject to Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application monies are refunded on any account.
27. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
28. The GC-BRLM and BRLM to the Issue and their associates do not hold any Equity Shares of our Company as on the date of filing of Draft Red Herring Prospectus with SEBI.
29. A Bidder cannot make a Bid for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
30. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us, our Directors, our Promoters or Promoter Group to the persons who receive allotments, if any, in the Issue.
31. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, please see section titled “*Financial Indebtedness*” on page 249 of the Draft Red Herring Prospectus.
32. We have 50 shareholders as on the date of filing of the Draft Red Herring Prospectus.
33. Our Promoters and members of Promoter Group will not participate in the Issue.
34. Our Company shall ensure that transactions in the Equity Shares by our Promoters and Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty four hours of such transaction.

## SECTION V - OBJECTS OF THE ISSUE

The objects of the Issue are to finance our expansion plans and achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our corporate image and brand name.

We intend to utilize the Issue Proceeds for the following objects:

1. Fund capital expenditure of our Subsidiaries towards setting up new manufacturing facilities:
  - a. Investment in Max Apollo Flex Digital Limited towards setting up a flex manufacturing plant with a capacity of 40 lac square meters per month;
  - b. Investment in Amprochem Private Limited towards setting up an ink manufacturing plant with a capacity of 40,000 litres per month;
  - c. Investment in Amprochem Private Limited towards setting up a manufacturing plant for PVC Rigid Sheets and PP Hollow Sheets with a capacity of approximately 585,000 square meters per month (98,000 rigid sheets of 2.98 square meters each and 129,000 hollow sheets of 2.26 square meters each) for PVC rigid and PP hollow sheets each and towards setting up a coating and lamination facility with a capacity of 80 lac square meters per month
2. Setting up of 5 industrial showrooms (display centres);
3. Long term working capital requirements;
4. General corporate purposes; and
5. To meet Issue expenses.

The main objects clause and objects incidental to the main objects set out in the Memorandum of Association of our Company and our Subsidiaries enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

### Issue Proceeds and Net Proceeds

The details of the proceeds of this Issue are summarized below:

		(₹ in mn.)
Particulars	Estimated Amount	
Gross proceeds to be raised through this Issue ("Issue Proceeds")*		[●]
Issue Related Expenses*		[●]
Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds ("Net Proceeds")*		[●]

\*Will be incorporated after finalization of the Issue Price

### Utilisation of Net Proceeds

The fund requirements for each of the Objects of the Issue are stated as follows:

							(₹ in mn.)
Sr. No.	Particulars	Total Fund Requirement	Amount deployed till October 31, 2010 from our Internal Accruals*	Estimated Amount to be utilized from Net Proceeds, Strategic Partner and Internal Accruals	Estimated Net Proceeds, investment from strategic partner and Internal Accruals Utilization		
					Fiscal 2011	Fiscal 2012	
1.	Fund capital expenditure of our Subsidiaries towards setting up new manufacturing facilities						
(a)	Investment in Max Apollo Flex Digital Limited towards setting up a flex manufacturing plant	323.40	0.05	323.35	36.35	287.00	



	with a capacity of 40 lac sq. mtrs. per month;					
(b)	Investment in Amprochem Private limited towards setting up an ink manufacturing plant with a capacity of 40,000 litres per month	116.64	5.00	111.64	58.17	53.47
(c)	Investment in Amprochem Private limited towards setting up a manufacturing plant for PVC Rigid Sheets and PP Hollow Sheets and a lamination and coating facility	360.14	15.03	345.11	107.75	237.36
2.	Setting up of five industrial showrooms	50.28	-	50.28	-	50.28
3.	Long term working capital requirements	330.00	-	330.00	-	330.00
4.	General corporate purposes	[●]**	-	[●]**		
<b>Total</b>		<b>[●]</b>	<b>20.08</b>	<b>[●]</b>		

\* Our Company has already deployed ₹ 20.08 mn. till October 31, 2010, as certified by our Statutory Auditors M/s. D Kothary & Co., Chartered Accountants vide their certificate dated November 23, 2010.

\*\* Will be incorporated after finalization of the Issue Price

The investment in our Subsidiaries Max Apollo Flex Digital Limited and Amprochem Private Limited shall be by way of equity share capital. There is no assurance that our Company will receive dividends in relation to the equity investment made by our Company in its Subsidiaries. The equity investments made by our Company will enable us to pursue our growth strategy and foray into manufacturing of different types of print media such as flex, rigid sheets and hollow sheets and other consumables such as ink.

The details of our fund requirement, as indicated above and deployment of such funds are based on internal management estimates and have not been appraised by any bank or financial institution. These requirements are subject to change taking into consideration variations in costs and other external factors which may not be within our control or as a result of changes in our financial condition, business or strategy. Our management will have the discretion to revise our business plans from time to time and consequently our funding requirements and deployment of funds may also change. This may result in rescheduling the proposed utilisation of the proceeds and increasing or decreasing expenditure for a particular object *vis-a-vis* the utilisation of the proceeds. For instance, we may also reallocate expenditure to the other activities, in the case of delays in our existing plans or proposed activities. Any such change in our plans may require rescheduling of our expenditure, programs, starting projects or capital expenditure programs which are not currently planned, discontinuing existing plans or proposed activities and an increase or decrease in the capital expenditure programs for the objects of the Issue, at the discretion of our Company.

However, any changes in “Objects of the Issue”, other than those specified herein, post-listing of the Equity Shares shall be subject to compliance with the Companies Act and such regulatory and other approvals and disclosures, as may be applicable.

### Variation in fund requirements

In the event of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals through cash flow from our operations or/and debt, as required. Surplus, if any, from the Net Proceeds remaining unutilized for specific purposes shall be used for general corporate purposes.

### Details of funds already deployed\*

		(₹ in mn.)
Particulars	Amount	
Expenses towards acquisition of land at Malegaon, Nashik, Maharashtra		15.00
Expenses towards acquisition of land along with building at Thane, Mumbai		5.00
Paid as professional fees towards civil works for PP Hollow, PVC rigid sheet and Coating and lamination plant		0.03

Paid as professional fees towards civil works for flex manufacturing plant	0.05
<b>Total</b>	<b>20.08</b>

\* Our Company has already deployed ₹ 20.08 mn. till October 31, 2010, as certified by our Statutory Auditors M/s. D. Kothary & Co., Chartered Accountants vide their certificate dated November 23, 2010.

## Appraisal

None of the objects of the Issue have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the Net Proceeds are currently based on management estimates.

## Shortfall of Net Proceeds

In case of any shortfall of Net Proceeds, we intend to meet the same through internal accruals. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

## Means of Finance

(₹ in mn.)	
Particulars	Estimated Amount
Issue Proceeds	[●]*
Proceeds from Investment Agreement	83.60
Internal Accruals	[●]*
<b>Total</b>	<b>[●]*</b>

\*Will be incorporated after finalization of the Issue Price  
As on June 30, 2010 the reserves and surplus are ₹ 398.20 mn.

The requirements of the objects detailed above are intended to be funded from the Issue proceeds, proceeds from Investment Agreement and internal accruals.

We have entered into an Investment Agreement with Shanghai Lanquan Plastic Products Company Limited wherein the Strategic Partner has agreed to invest an amount to the tune of ₹ 83.60 mn. in Max Apollo. Accordingly, we confirm that the requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue has been complied with.

## DETAILS OF THE OBJECTS

### 1. Investment in our Subsidiaries towards funding their capital expenditure requirements.

#### (a) Investment in Max Apollo Flex Digital towards setting up a flex manufacturing plant in Malegaon, District Nashik, Maharashtra with a capacity of 40 lac square meters per month

We intend to utilize funds from the Net Proceeds of the Issue to fund our Subsidiary, Max Apollo Flex Digital Private Limited ("Max Apollo") to set up a flex manufacturing facility with a proposed capacity of 40 lac square meters of flex media per month at Malegaon, District Nashik, Maharashtra. Our Company has incorporated Max Apollo as a wholly owned subsidiary on September 07, 2010 to foray into manufacturing of flex media. Subsequently our Company has entered into an Investment Agreement dated November 03, 2010 with Shaghai Lanquan Plastic Products Company Limited ("LQ"). LQ will also provide the requisite technical assistance pursuant to a Technical Assistance Agreement entered into between our Company and LQ dated November 03, 2010.

### Max Apollo Flex Digital Limited

Our Company has entered into an Investment Agreement agreement dated November 03, 2010 ("Investment Agreement"), with LQ, a company incorporated in the People's Republic of China for the purpose of carrying on manufacturing of PVC flex.

Under the Investment Agreement, LQ shall subscribe to 25% of the issued share capital of the Max Apollo for total cash consideration of ₹ 83.60 mn and our Company has agreed to subscribe to additional equity share

capital of Max Apollo. LQ has also agreed to provide technical assistance to Max Apollo to setup the manufacturing plant, vide Technical Assistance Agreement dated November 03, 2010.

Max Apollo will leverage our Company's distribution channel, consumer knowledge such as distribution and warehousing of products at pan India locations and will launch product lines in the categories of flex depending on the customer requirements and their applications. Our Company will provide the strategic direction in the Indian context and will control the day-to-day management of Max Apollo. Our Company intends to optimize its positioning in the flex segment based on factors peculiar to the Indian market. Our Company will also utilize its sales and distribution synergies to be leveraged by Max Apollo.

Our Company intends to utilise ₹ 233.28 mn. from the Net Proceeds of the Issue towards investment in Max Apollo and the balance of ₹ 83.60 mn. from our Strategic Partner.

### Rationale for setting up of the plant

This plant will primarily cater to the banner segment, and we believe this segment has seen substantial increase in the demand over the last few years. The requirements in the banner segment are to a limited extent, sporadic and require us to anticipate and cater to demand in a short period of time. Having our own manufacturing unit will enable us to reduce lead time and address variances in demand at short notice. It will also give us an advantage over competitors who depend on third parties (domestic or international) to supply to customers in the banner segment, where deliveries are required to be made within strict deadlines. It will also reduce the susceptibility of our business to changes in international trade and transport conditions, if any.

### The cost for setting up this unit is as follows:

		(₹ in mn.)
Particulars	Estimated Amount	
Site development and civil works	66.79	
Plant and machinery	215.63	
Miscellaneous fixed assets	14.80	
Engineering and project management <sup>#</sup>	10.78	
Provision for pre-operative expenses and contingencies*	15.40	
<b>Total</b>	<b>323.40</b>	

\*Provision for pre-operative expenses and provision for contingencies have been assumed at the rate of 5 % of the sum of all other estimated costs.

<sup>#</sup>Management estimates at 5% of the plant and machinery cost

Our Company has already deployed ₹ 0.05 mn. till October 31, 2010 towards professional fees paid for civil works, as certified by our Statutory Auditors M/s. D. Kothary & Co., Chartered Accountants vide their certificate dated November 23, 2010.

### Land

Our Company is setting up its new manufacturing facility at Malegaon, District Nashik, Maharashtra over an area admeasuring 21,104 square meters. The land will be leased from our Subsidiary, Amprochem Private Limited. However, the lease agreement with Amprochem Private Limited is yet to be executed.

### Civil works

The estimated cost for site development and civil works is ₹ 66.79 mn. as per quotation received from M/s. Vipul Nikam & Associates, Architects and Planning Consultants dated October 4, 2010. The building complex would consist of the main factory building, warehouse, cost of pre fabricated structures, administrative building, canteen and miscellaneous facilities (security room, time room, electric room, weighing room, labour rooms and toilets). Expenses also include electrification costs and a provision for contingencies.

The break-up of total cost of site development, civil work and electrification costs is as follows:

		(₹ in mn.)
Sr. No.	Description	Total Cost
1	Site development	16.67
2	Factory Building (upto plinth)	8.50
3	Factory Building (pre engineered building)	18.09
4	Warehouse (upto plinth)	1.36

5	Warehouse (pre engineered building)	3.93
6	Canteen	3.34
7	Administration Building	3.07
8	Miscellaneous Facilities	5.62
9	Electrification	3.18
10	Contingencies (5% of total cost)	3.03
<b>Total</b>		<b>66.79</b>

### Plant and machinery

The total cost of Plant and Machinery for the project is estimated at ₹ 215.63 mn. We are yet to place orders for the plant and machinery for our flex manufacturing unit. We do not intend to purchase any second hand machinery for the project. The list of plant and machinery as per the quotations received by our Company are as set forth below:

#### List of plant and machinery for flex unit yet to be ordered and installed

Sr. No.	Equipment	Quantity	Supplier	Date of Quotation	Currency of Quotation*	Amount (₹ in mn.)
1	Calendar Machine	1	Shanghai Forward Machinery Co. Limited.	October 28, 2010	USD	122.56
2	Lamination Machine - 4m Lamination	1	GaoMing HongYi Machinery Co. Limited	November 22, 2010	USD	10.83
3	Lamination Machine - 3 m Lamination	2	GaoMing HongYi Machinery Co. Limited	November 22, 2010	USD	19.86
4	Hot Boiler	1	Maxitherm Boilers	November 2, 2010	INR	5.75
5	Water cooled chilling system and Cooling tower	1	DeW-Pond Engineers (P) Limited.	October 30, 2010	INR	2.30
6	5 T EOT Crane (Supply+Erection)	1	WMI Cranes Limited	November 4, 2010	INR	2.40
7	Air Compressor	1	Utility Point	August 23, 2010	INR	0.42
8	D.G. Set	1	Geekay Engineering Services	November 1, 2010	INR	6.83
<b>Total Machinery Cost</b>						<b>170.95</b>
<b>Transportation and Handling<sup>#</sup></b>						<b>9.57</b>
<b>Duties and Taxes<sup>#</sup></b>						<b>35.11</b>
<b>Total Cost</b>						<b>215.63</b>

\*Conversion rate is 1USD = 45.14 INR, as on November 15, 2010, as per www.rbi.org.in

<sup>#</sup>Management estimates

### Miscellaneous Fixed Assets

The total cost of miscellaneous fixed assets for the project is estimated at about ₹ 14.80 mn. We have not deployed any amount towards miscellaneous fixed assets as of October 31, 2010. Miscellaneous fixed assets include furniture and fixtures, computers, office equipment, fire fighting equipments.

		(₹ in mn.)
Sr. No.	Particulars	Amount <sup>#</sup>
1.	Furniture and fixtures	1.00
2.	Telecommunications	0.40
3.	Computers, printers and accessories	1.00
4.	Fire Fighting Equipment	5.00
5.	Motor vehicles	2.40
6.	Heating, ventilation and air conditioning equipment and Others	5.00
<b>Total</b>		<b>14.80</b>

<sup>#</sup> These are internal management estimates and no quotations have been obtained for the same

### Engineering and project management

Our Company has estimated an amount of ₹ 10.78 mn. to be spent towards engineering and project management which includes expenses towards setting up of projects, trial production and setup costs. Engineering and project management fees have been estimated as 5% of the cost of the plant and machinery.

### Provision for pre-operative expenses and contingencies

Our Company has provided for ₹ 15.40 mn. as provision for pre-operative expenses and contingencies which includes certification charges, insurance, commissioning, professional fees.

### Schedule of Implementation of the unit

Activity	Expected Commencement	Expected Completion
Land	Commenced	January 2011
Civil works	April 2011	January 2012
Plant and machinery <sup>#</sup>	February 2011	January 2012
Miscellaneous fixed assets	February 2011	January 2012
Trial production	January 2012	February 2012
Obtaining certifications and approvals	February 2012	March 2012
Commercial production	April 2012 onwards	

<sup>#</sup>Time period from order of plant and machinery to completion of installation

### (b) Investment in our subsidiary Amprochem Private Limited towards setting up an ink manufacturing plant in Thane, Maharashtra with a capacity of 40,000 litres per month;

We intend to utilize funds from the Net Proceeds of the Issue to fund our Subsidiary Amprochem Private Limited to set up an ink manufacturing facility with a proposed capacity of 40,000 litres per month at Thane, Maharashtra. We propose to utilize ₹ 116.64 mn. from the Net Proceeds towards this objective. Our Company will deploy funds towards this object by way of equity share capital.

Our Company has already deployed ₹ 5.00 mn. till October 31, 2010 towards acquisition of land along with building at Thane, Maharashtra, as certified by our Statutory Auditors M/s. D Kothary & Co., Chartered Accountants vide their certificate dated November 23, 2010.

### Rationale for setting up of the plant

We intend to set up our own dye and pigment ink manufacturing plant, which we believe will help us in improving the cost competitiveness and meeting the diverse requirements of our customers in a flexible and shorter delivery lead time. This plant will use technology from our ODM Advanced Ink Technology, South Korea. The plant will produce high-quality dye and pigment based inkjet printing inks, which will be further, customized to cater to the specific dynamic demands of the inkjet user industry. The plant will supplement sales of our CISS business as well as help us to cater to the inkjet ink market. With our Company's extensive experience in the printing consumable industry, well established distribution network and good technical knowledge, we believe that we are in advantageous position to capitalize on the opportunities and trends in the ink industry.

The approximate cost for setting up this unit is as follows:

Particulars	(₹ in mn.) Total Fund Requirement
Land along with building	23.00
Civil works	5.21
Plant and machinery <sup>#</sup>	78.88
Miscellaneous fixed assets	4.00
Provision for pre-operative expenses and contingencies*	5.55
<b>Total</b>	<b>116.64</b>

\*Provision for pre-operative expenses and contingencies has been assumed at the rate of 5% of the sum of all other estimated costs.

<sup>#</sup>Cost of plant and machinery include formulation cost, technician cost and erection and commissioning cost

### Land along with building

The facility is proposed to be set up at Plot No. C – 450/4 admeasuring 825 sq. mts., situated at Pawane, MIDC, Trans Thane Creek Industrial Area, Thane, Maharashtra and is sufficient for setting up of the plant. The company is in process of acquiring the said land along with the building.

### Civil works

The estimated cost for civil works is ₹ 5.21 mn. as per quotation received from Mr. Sanjay Sheth, interior designer, dated November 24, 2010. The cost comprises of refurbishing cost of the existing building complex, professional fees and miscellaneous facilities.

The break-up of total cost of buildings is mentioned hereunder:

		(₹ in mn.)
Sr. No.	Description	Total Cost
1	Refurbishment cost	4.82
2	Professional fees	0.39
	<b>Total</b>	<b>5.21</b>

### Plant and machinery

The total cost of purchasing, installation and erection and commissioning of plant and machinery is estimated at ₹ 78.88 mn. We have obtained a quotation for the plant and machinery on a turnkey basis along with requisite technical know how which includes the recipes for ink, the plant and process layout and technical training for our plant personnel from Advanced Ink Technology Co., Limited vide their quotation no. AI-101027-2 dated October 27, 2010. As on date of the Draft Red Herring Prospectus we have not placed any order for plant and machinery. Our Company does not intend to purchase any second hand machinery for the said project.

The break up of the cost is as set forth below:

				(₹ in mn.)
Sr. No.	Description	Currency of Quotation	Total Amount in INR	
1	Reactor	USD	20.12	
2	Filtering Apparatus	USD	0.29	
3	Inverter & Panel	USD	1.18	
4	Mini Reactor	USD	3.69	
5	Pure Water Systems	USD	3.41	
6	Compressor – Air Filter	USD	0.23	
7	Waste Water Treatment Apparatus	USD	0.11	
8	Vaccum Pump – Oil Rotar Pump	USD	0.82	
9	Electric Balance	USD	0.32	
10	Filtering (Use Lab)	USD	1.19	
11	Viscometer	USD	1.79	
12	Tension meter	USD	2.78	
	<b>Total Cost</b>		<b>35.93</b>	
	Taxes <sup>#</sup>		6.88	
	<b>Total Cost of Machinery</b>		<b>42.81</b>	
13	Formulation Cost	USD	33.86	
14	Technician Cost (for 6 months)	USD	1.35	
15	Erection & Commissioning <sup>#</sup>		0.86	
	<b>Total Cost</b>		<b>78.88</b>	

\*Conversion rate 1USD = 45.14 INR, as on November 15, 2010, as per [www.rbi.org.in](http://www.rbi.org.in)

<sup>#</sup> Management Estimates at 2% of the cost of plant and machinery

The total cost of the unit on turnkey basis is estimated at ₹ 78.88 mn. As on the date of the Draft Red Herring Prospectus we have not placed any orders for the plant and machinery.

### Miscellaneous fixed assets

The total cost of Miscellaneous Fixed Asset for the project is estimated at about ₹ 4.00 mn. Miscellaneous fixed assets include purchase of furniture and fixtures, computers, office equipment, electrical installation from local vendors.

		(₹ in mn.)
Sr. No.	Particulars	Amount <sup>#</sup>



1	Furniture and fixtures	0.23
2	Telecommunications	0.09
3	Computers	0.23
4	Fire Fighting Equipment	1.00
5	Printers for testing	1.50
6	HVAC and Others	0.93
	<b>Total</b>	<b>4.00</b>

<sup>#</sup> These are internal management estimates and no quotations have been obtained for the same.

### Provision for pre-operative expenses and contingencies

Our Company has provided for ₹ 5.55 mn. as provision for pre-operative expenses and contingencies, which includes certification charges, insurance, commissioning, professional fees.

### Schedule of Implementation

Activity	Expected Commencement	Expected Completion
Land and site development	Commenced	January 2011
Civil works	February 2011	September 2011
Miscellaneous Fixed Assets	February 2011	September 2011
Plant and machinery	March 2011	October 2011
Trial production	October 2011	November 2011
Obtaining Certification and Approvals	November 2011	December 2011
Commercial production	January 2012 onwards	

### (c) Investment in our subsidiary Amprochem Private Limited towards setting up a manufacturing plant in Malegaon, District Nashik, Maharashtra for PVC Rigid Sheets, PP Hollow Sheets and Coating and Lamination facility

We intend to utilize funds from the Net Proceeds of the Issue to invest in our Subsidiary, Amprochem Private Limited to set up a manufacturing facility for PP Hollow sheets, PVC Rigid Sheets along with a coating and lamination facility. The manufacturing facility will have a proposed capacity of approximately 585,000 square meters per month (98,000 rigid sheets of 2.98 square meters each and 129,000 hollow sheets of 2.26 square meters each) respectively at Malegaon, District Nashik, Maharashtra. We propose to utilize ₹ 360.14 mn. from the Net Proceeds towards this object. Our Company will deploy funds towards this object by way of equity share capital.

Our Company has already deployed ₹ 15.03 mn. till October 31, 2010 towards land and civil works, as certified by our Statutory Auditors M/s. D Kothary & Co., Chartered Accountants *vide* their certificate dated November 23, 2010.

### Rationale for setting up of the plant

**PP Hollow Sheet:** We will set up a PP hollow sheet extrusion line to produce PP hollow sheets. It is primarily used in advertisement signage's used in either mounting of Vinyl or for direct printing. PP Hollow sheets are light in weight entailing high transit cost. Further PP hollow sheet are relatively soft and fragile product and gets damaged during transit and when imported. Currently the demand in India in this segment is being satisfied by the local manufacturers. Demand for PP Hollow sheets in the advertisement industry has increased in the recent past due to its ease of handling and increased application in real size human cut outs. Average life of these sheets is 2 weeks upon printing and being put to use.

**PVC Rigid Sheet:** Setting up this plant will enable us to cater to another segment which is currently being catered by domestic manufacturers as well as imports. We believe difference between the landed cost of PVC rigid sheets and manufactured cost of these sheets in India, presents us an ample opportunity to tap this segment. These sheets have more strength and have an average life more than the PP Hollow sheets. PVC rigid sheets have varied applications including printing industry, packaging industry and construction industry, though the product characteristics may vary significantly depending upon the application. We intend to cater to the printing consumable industry.

**Coating and Lamination:** Currently we provide coated and laminated printing media as it has better qualities providing better print quality and long lasting prints. As part of our backward integration strategy and to serve



across the value chain, we intend to set up a coating and lamination plant, which will complement products to be manufactured by us in our proposed manufacturing plants. Coating and lamination have varied applications in the printing consumable industry and are usually applied for better quality printing media. Coating and lamination help products remain good for a long time.

The approximate cost for setting up this unit is as follows:

		(₹ in mn.)
Particulars	Total Fund Requirement	
Land	17.50	
Civil works	43.56	
Plant and machinery	239.27	
Miscellaneous fixed assets	30.70	
Engineering and Project Management <sup>#</sup>	11.96	
Provision for pre-operative expenses and contingencies*	17.15	
<b>Total</b>	<b>360.14</b>	

\*Provision for pre-operative expenses and contingencies has been assumed at the rate of 5 % of the sum of all other estimated costs.

<sup>#</sup>Management estimates at 5% of plant and machinery cost

## Land

Our Subsidiary, Amprochem Private Limited, has entered into a Memorandum of Understanding for acquiring land admeasuring 63,312 square meters at Malegaon, District Nashik, Maharashtra for the same. However, the facility is proposed to be set up in a total area of 42,208 square meters only and the remaining land area of 21,104 square meters will be leased to Max Apollo for setting up of their manufacturing unit the terms of which have not been finalized as on date.

## Civil works

The estimated cost for civil works is ₹ 15.75 mn. which includes cost towards setting up of manufacturing unit, cost of pre engineered structures, contingencies related to civil works and electrification cost as per quotation received from M/s. Vipul Nikam & Associates, Architects and Planning Consultants dated November 22, 2010.

The break-up of total cost of buildings is mentioned hereunder:

		(₹ in mn.)
Sr. No.	Description	Total Cost
1	Factory Building upto plinth	7.65
2	Factory Building (Pre engineered building) (2 nos.)	16.28
3	Other Buildings (including security room, electricity room)	15.58
4	Contingencies	1.98
5	Electrification	2.07
<b>Total</b>		<b>43.56</b>

## Plant and machinery

The total cost of Plant and Machinery for the project is estimated at ₹ 239.27 mn. We are yet to purchase plant and machinery for this unit. We do not intend to purchase any second hand machinery for the project. The list of plant and machinery with their quotations are as set forth below:

### List of plant and machinery for this unit yet to be ordered:

Sr. No.	Equipment	Quantity	Supplier	Date of Quotation	Currency of Quotation	Amount* (₹ in mn.)
1	PP Hollow Sheet Extrusion Line (1400 mm)	1	Shanghai Jobbetter Plastic Machinery Co. Limited	November 16, 2010	USD	20.31
2	PVC Free Foam Extrusion Line	2	Shanghai Jobbetter Plastic Machinery Co.	October 26, 2010	USD	23.29

Sr. No.	Equipment	Quantity	Supplier	Date of Quotation	Currency of Quotation	Amount* (₹ in mn.)
3	Adhesive Coating Line 1650	2	Limited Guangzhou Hongxin Economic Development Company Limited	November 2, 2010	USD	45.14
4	Adhesive Coating Line 2300	2	Guangzhou Hongxin Economic Development Company Limited	November 2, 2010	USD	63.20
5	Hot Boiler	2	Maxitherm Boilers Private Limited	November 2, 2010	INR	11.50
6	Water cooled chilling system and Cooling tower	2	DeW-Pond Engineers (P) Limited.	October 30, 2010	INR	4.60
7	5 T EOT Crane (Supply+Erection)	2	WMI Cranes Limited	November 4, 2010	INR	4.80
8	Air Compressor	2	Utility Point	August 23, 2010	INR	0.84
9	D.G.Set with electrification	2	Geekay Engineering Services	November 1, 2010	INR	13.66
<b>Total Machinery Cost</b>						<b>187.34</b>
<b>Duties and taxes#</b>						<b>41.39</b>
<b>Other Charges#</b>						<b>10.54</b>
<b>Total Plant Cost</b>						<b>239.27</b>

# Management Estimates; Other charges include transportation, loading and handling charges.

\* Conversion rate 1USD = 45.14 INR, as on November 15, 2010, as per www.rbi.org.in

### Miscellaneous fixed assets

The total cost of Miscellaneous Fixed Asset for the Project is estimated at about ₹ 30.70 mn. Miscellaneous fixed assets include purchase of furniture and fixtures, computers, office equipment, electrical installation, from local vendors.

			(₹ in mn.)
Sr. No.	Particulars	Amount#	
1	Furniture and fixtures	0.50	
2	Telecommunications	0.20	
3	Computers	5.00	
4	Fire Fighting Equipment	5.00	
5	Printers for testing	10.00	
6	Heating, ventilation and air conditioning and Others	10.00	
<b>Total</b>			<b>30.70</b>

# These are internal management estimates and no quotations have been obtained for the same.

### Engineering and project management

Our Company has estimated an amount of ₹ 11.96 mn. to be spent towards engineering and project management which includes expenses towards setting up of projects, trial production and setup costs

### Provision for pre-operative expenses and contingencies

Our Company has provided for ₹ 17.15 mn. as provision for pre-operative expenses and contingencies, which includes certification charges, insurance, commissioning, professional fees.

### Schedule of Implementation

Activity	Expected Commencement	Expected Completion
Land and site development	Commenced	January 2011
Civil works	March 2011	November 2011
Plant and machinery	March 2011	November 2011
Miscellaneous fixed assets	March 2011	November 2011
Trial production	October 2011	November 2011
Obtaining Certifications and approvals	November 2011	December 2011
Commercial production	January 2012 onwards	

## 2. Setting up five industrial showrooms (display centers)

We intend to set up 5 large scale industrial showrooms to promote our entire range of products. Setting up industrial showrooms will enable us to display our entire product portfolio, expand our reach, and help us position our brand so as to serve additional customers in existing and new geographies. Our Company believes that this concept of industrial showrooms will increase the presence and space dedicated to our brands and will also enhance our brand image. These industrial showrooms will display our Company's product lines and applications in major cities of India including Delhi, Kolkata, Chennai, Bangalore and Hyderabad. Further, we believe it will also increase the brand visibility for our existing and new products and help us compete with our competitors to increase the market share of our products.

We intend to enter into definitive long-term lease, leave and license, or any other kind of arrangement with property owners for all the planned new showrooms. However, as on date of filing the Draft Red Herring Prospectus, our Company has identified the cities for setting up of the showrooms and is in the process of identifying suitable locations for setting up of these industrial showrooms in the said cities and have not entered into any letter of intent, memorandum of understanding or an agreement to setup the industrial showrooms. The total cost estimated for setting up of these industrial showrooms includes one time initial fixed expenses like security deposit, interior works which inclusive of cost of furniture and fixtures and fees towards interior designing fees and six months of rent expenses.

As the stores will be acquired under leave and license, long-term lease or under any arrangement, deposits will be payable by us on entering into the commercial agreement with the property owner.

### Cost of setting up our Industrial showrooms

		(₹ in mn.)				
Sr. No.	Cost Heads	Delhi	Chennai	Kolkata	Bengaluru	Hyderabad
1	Area (in sq. ft.)	5,300	5,000	4,800	5,000	5,000
2	Deposit	3.50	3.00	3.17	3.00	2.88
3	Rent (6 months)	1.75	1.50	1.58	1.50	1.44
4	Interior Works including furniture and fixtures and professional fees towards interior designing	5.62	5.08	5.16	5.84	5.26
	Total (2+3+4)	10.87	9.58	9.91	10.34	9.58
	<b>Total Cost</b>					<b>50.28</b>

### Schedule of Implementation

Activity	Expected Commencement	Expected Completion
Locating & Executing Lease Agreement	Commenced	March 2011
Interior works	April 2011	July 2011
Opening of Showrooms	August 2011 onwards	

## 3. Working Capital Requirements

Our business is working capital intensive and we avail most of our working capital in the ordinary course of our business from State Bank of India our primarily lender. As of November 15, 2010, the aggregate amount sanctioned under the fund based and non-fund based working capital facilities was ₹ 1,000.00 mn. and ₹ 712.80

mn. respectively. For further details of the working capital facilities availed by us, please see the section titled “Financial Indebtedness” beginning on page 249 of the Draft Red Herring Prospectus.

For further details of capacity utilisation estimates, please refer to the chapter titled “Our Business” on page 111 of the Draft Red Herring Prospectus.

Based upon our internal estimates as reflected below, we would incrementally require working capital, part of which, upto ₹ 330.00 mn, we propose to finance from the Net Proceeds of the Issue.

Sr. No.	Particulars	Historical holding period (in days)	FY 2010 Amount (₹ in mn.)	Estimated holding period (in days)	FY 2011 Amount (₹ in mn.)	Estimated holding period (in days)	FY 2012 Amount (₹ in mn.)
<b>A.</b>	<b>Current Assets</b>						
1	Finished Goods	60	513.39	64	725.74	56	938.94
2	Debtors	120	1,023.99	120	1,360.58	120	2,019.40
3	Other current assets		286.50		-		-
	<b>Total</b>		1,823.88		2,086.32		2,958.34
<b>B.</b>	<b>Current Liabilities</b>		-		-		-
1.	Sundry Creditors	60	445.12	57	552.08	58	798.27
2.	Other current liabilities		139.63		130.32		240.27
	<b>Total</b>		584.75		682.40		1,038.54
<b>C.</b>	<b>Total Working Capital Requirement</b>		1,239.13		1,403.92		1,919.80
	Less:- Current fund based bank limits		1,099.10		1,000.00		1,000.00
	Working Capital Margin		140.03		403.92		919.80
	Incremental Working Capital		-		-		515.89
	Internal Accruals		-		-		185.89
	<b>IPO Proceeds</b>		-		-		330.00

#### 4. General Corporate Purposes

We, in accordance with the policies set up by our Board, will retain flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

#### 5. Issue Related Expenses

The expenses of the Issue include fees of the BRLM, underwriting commission, selling commission, distribution expenses, statutory fees, fees to legal advisors, fees to advisors, auditors, IPO Grading fees, printing and stationary costs, registrar costs, advertisement expenses and listing fees payable to the Stock Exchanges among others. The estimated Issue expenses are as follows:

The total estimated expenses are ₹ [●] mn, which is [●] % of the Issue size.

(₹ in mn.)			
Particulars	Amounts*	As percentage of total expenses	As a percentage of Issue size
Lead management fees (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Fees to SCSBs	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading Fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

\*Would be incorporated post finalization of Issue Price

In case of business requirements, required funds will be deployed out of internal accruals towards the "Objects of the Issue" and will be recouped from the Proceeds of the Issue.

### Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of the Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

### Interim use of funds

We, in accordance with the policies established by our Board of Directors, will have flexibility in deploying the proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in high quality interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

### Monitoring of utilisation of Issue proceeds

In terms of Regulation 16(1) of the ICDR Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilized, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Fiscals subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

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Our Company shall be required to inform material deviations in the utilisation of the Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the Proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Entities or Key Managerial Personnel, except in the normal course of our business.

For risks associated with respect to the objects of this Issue, please see "*Risk Factors*" beginning on page 12 of the Draft Red Herring Prospectus.

## BASIC TERMS OF THE ISSUE

### Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Terms of Payment

Applications should be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The entire price of the Equity Shares is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

### Ranking of Equity Shares

The Equity Shares being offered through the Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees, in receipt of Allotment of Equity Shares under the Issue, will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by our Company after the date of Allotment.

### Face Value and Issue Price per Share

The Equity Shares having a face value of ₹ 10.00 each are being offered in terms of the Draft Red Herring Prospectus at a price of ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the GC-BRLM and BRLM, and advertised at least two Working Days prior to the Bid/Issue Opening Date.

### Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, 2009, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful Bidders.

### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid/ Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act.



## BASIS FOR ISSUE PRICE

*Investors should read the following summary along with the Sections titled “Risk Factors”, “Industry Overview” and “Financial Statements” beginning on pages 12, 97 and 192 respectively of the Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and you may lose all or part of your investments.*

## QUALITATIVE FACTORS

The key competitive strengths of our Company include the following:

- “One stop shop” for printing consumables
- Strong brand recognition built on high quality products
- Unique business model
- Early mover advantage in the organized market for distribution of printing consumables
- Wide product portfolio
- Well developed product development and customisation abilities
- Established sales, marketing and distribution network
- Strategic utilization of the distributor network
- Diversified customer base
- Relationships with customers
- Large scale of operations
- Experienced management team

## QUANTITATIVE FACTORS

The information presented in this section for the Fiscal 2008, 2009, 2010 and for the three month period ended June 30, 2010 is derived from our restated standalone financial information and for the three month period ended June 30, 2010 from our restated consolidated financial information prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

### 1. Adjusted Basic Earnings per Share

Fiscal	Basic	
	EPS (₹ )	Weight
2008	5.86	1
2009	7.11	2
2010	14.92	3
<b>Weighted Average</b>	<b>10.81</b>	
Three month period ended June 30, 2010 unannualised (Standalone)	5.34	
Three month period ended June 30, 2010 unannualised (Consolidated)	5.40	

### 2. Adjusted Diluted Earnings per Share

Fiscal	Diluted	
	EPS (₹ )	Weight
2008	5.84	1
2009	7.09	2
2010	14.92	3
<b>Weighted Average</b>	<b>10.80</b>	
Three month period ended June 30, 2010 unannualised (Standalone)	5.34	
Three month period ended June 30, 2010 unannualised (Consolidated)	5.40	

#### Notes:

- The basic and diluted EPS have been calculated in compliance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India.

- Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period and after considering the dilutive potential of share application money.
- The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue.
- The face value of each Equity Share is ₹ 10.

### 3. Price/ Earning (P/E) Ratio in relation to Issue Price of ₹ [●]

Particulars	Floor Price (₹ )	Cap Price (₹ )	Issue Price (₹ )
a) Based on EPS of March 31, 2010 as per Restated standalone Financial Statements – Standalone	[●]	[●]	[●]
b) Based on EPS of June 30, 2010 – Standalone	[●]	[●]	[●]
c) Based on EPS of June 30, 2010 – consolidated	[●]	[●]	[●]
b) Based on weighted average EPS	[●]	[●]	[●]

### 4. Return on Net Worth (RONW):

Return on Net Worth as per restated standalone financial statements

Fiscal	RONW %	Weight
2008	18.87 %	1
2009	39.60 %	2
2010	43.11 %	3
<b>Weighted Average</b>	<b>37.90 %</b>	
Three month period ended June 30, 2010 unannualised (Standalone)	13.54 %	
Three month period ended June 30, 2010 unannualised (Consolidated)	13.63 %	

#### Note:

The average return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year / period.

### 5. Minimum Return on increased net worth required for maintaining pre-issue EPS at March 31, 2010 is [●].

### 6. Net Asset Value per Equity Share

Particulars	Amount (₹)
Net Asset Value per Equity Share (standalone) as of June 30, 2010	59.16
Net Asset Value per Equity Share (consolidated) as of June 30, 2010	59.38
Net Asset Value per Equity Share after the Issue	[●]
Issue Price per equity share	[●]

#### Note:

Net Asset Value per Equity Share represents Net Worth at the end of the year / period, as restated divided by the actual number of Equity Shares outstanding at the end of the period/ year.

### 7. Comparison of Accounting Ratios with Industry Peers

The details on the comparison of accounting ratios of our company with other listed entities have not been given as our Company is in the digital and offset printing consumables business and there are no listed peers directly comparable in the same line of business.

8. The Issue Price of ₹ [●] has been determined by our Company in consultation with the GC- BRLM and BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The Issue Price is [●] times the Floor Price and [●] times the Cap Price. The GC- BRLM and BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular “*Risk Factors*”, “*Our Business*” and “*Financial Information*” on pages 12, 111 and 192 respectively to have a more informed view.

For the basic terms of the issue, see “*Terms of the Issue*” on page 304 of the Draft Red Herring Prospectus.

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## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
**Max Flex & Imaging Systems Limited.**  
(Formerly known as Silver Digigraph Private Limited)  
102, Prime Plaza, J.V. Patel Compound,  
Balasaheb, Madhurkar Marg, Elphinstone (West),  
Mumbai – 400 013.

**Re: Statement of Possible Tax Benefits available under the existing tax laws to the Company and its Shareholders**

Dear Sirs

We hereby certify that the enclosed annexure states the possible tax benefits available to Max Flex & Imaging Systems Limited ("**Company**") and to the Shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offering of Equity Shares of the Company particularly in view of ever changing tax laws in India.

We do not express any opinion or provide any assurance as to whether:

- a) The Company or its shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957 as of date.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed Initial Public Offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For D. Kothary & Co.**  
(Chartered Accountants)  
Firm Registration No.: 105335W

Vipul N. Chauhan  
Partner  
Membership No.: 47846  
Place: Mumbai  
Date: November 23, 2010

## ANNEXURE TO STATEMENT OF TAX BENEFITS

*The information provided below sets out the possible tax benefits available to the Company and the Equity Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

### **YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.**

#### **Levy of Income Tax**

As per the provisions of the Income Tax Act, 1961 taxation of a person is dependant on its tax residential status. The Indian tax year runs from April 1 to March 31.

In general, in the case of a person who is "resident" in India in a tax year, its global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India is subject to tax in India. In the instant case, the income from the Equity Shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, relief may be available under applicable Double Taxation Avoidance Agreement ("DTAA") to certain non-residents.

An **individual** is considered to be a **resident** of India during any Fiscal if he or she is in India in that year for:

- A period or periods amounting to 182 days or more; or
- 60 days or more if within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A **Hindu undivided Family (HUF), firm or other association of persons (AOP)** is resident in India except where the control and management of its affairs is situated wholly outside India.

A **company** is "resident" in India if it is formed and registered in accordance with the Indian Companies Act or if the control and management of its affairs is situated wholly in India in a tax year.

A **"Non-Resident"** means a person who is not a resident in India.

A person is said to be **not ordinarily resident** in India in any previous year if such person is:

- a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less; or
- a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less.

As per the taxation laws in force, the tax benefits / consequences, as applicable, to Max Flex & Imaging Systems Limited (henceforth referred to as the "Company") and its Equity Shareholders investing in the Equity Shares are summarized below:

#### **SPECIAL TAX BENEFITS**

There are no special tax benefits available under the Income Tax Act, 1961 to the Company or its shareholders.

#### **GENERAL TAX BENEFITS**

# **1 BENEFITS AVAILABLE TO THE COMPANY - UNDER THE INCOME-TAX ACT, 1961 ("referred as "Act" for this particular chapter")**

## **1.1 Dividends exempt under Section 10(34) of the Act**

Under Section 10(34) of the Act, income by way of "dividends" received on the shares of the any domestic company is exempt from income tax in the hands of shareholders. However, no deduction is permitted in respect of expenditure incurred in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income Tax Rules, 1962 ("Rules").

However, the Company will be liable to pay Dividend Distribution Tax („DDT") at 16.60875% (tax rate of 15% plus surcharge of 7.5% and education cess of 3%) on the total amount distributed as dividends. In calculating the amount of dividend on which DDT is payable, the same shall be reduced by dividend, if any, received by the Company during the FY, where:

- such dividend is received from subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company);
- such subsidiary has paid tax under this section on such dividend; and
- The Company is not a subsidiary of any other company.

1.2 Under Section 10(35) of the Act, any income received in respect of the units of a Mutual Fund specified in Section 10(23D) of the Act; or units from the Administrator of the specified undertaking; or units from the specified company, as defined in Explanation to Section 10(35) of the Act, is exempt from tax.

1.3 Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc and intangible assets defined to include patent, trademark, copyright, know-how, licenses, franchises or any other business or commercial rights of similar nature, if such intangible assets are acquired after 31<sup>st</sup> March 1998.

1.4 Under Section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the Act in any FY, owing to there being no profits or gains chargeable for that FY, or owing to the profits or gains chargeable being less than depreciation allowance, then, subject to the provisions of Section 72(2) of the Act, depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following FY and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that FY, be deemed to be the depreciation allowance for that FY, and so on for the succeeding FYs.

## **1.5 Capital Gains**

1.5.1 Capital assets may be categorized into short-term capital assets and long-term capital assets, based on the period of holding. Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months.

1.5.2

1.5.3 Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to a shareholder on transfer of shares in the company or units of an equity oriented fund are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and Securities Transaction Tax ("STT") has been paid on the same. However, profits on transfer of above referred long term capital assets shall not be reduced in computing the "book profits" for the purposes of computation of MAT under Section 115 JB of the Act.

1.5.4 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, second proviso to Section 48 of the Act permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, thereby adjusting the cost of acquisition / improvement by a cost inflation index, as prescribed.

1.5.4 Under Section 112 of the Act, long term capital gains, [other than those exempt under Section 10(38) of

the Act] arising on transfer of listed equity shares in the company, would be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation or 10% (plus applicable surcharge and education cess) without indexation, whichever is lower.

- 1.5.5 Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in specified assets, being bonds issued by:

- a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any Fiscal cannot exceed 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

- 1.5.6 Under Section 111A of the Act short-term capital gains arising on transfer of equity share in the company would be taxable at 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act.

## 1.6 Credit for MAT

Under section 115JAA(2A) of the Act tax credit shall be allowed in respect of MAT paid under section 115JB of the Act for any FY commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond ten years immediately succeeding the year in which the MAT credit initially arose.

Under Section 72(1) of the Act, where for any FY, the net result of the computation under the head "Profits and Gains of Business or Profession" is a loss to the Company (not being a loss sustained in a speculation business), then to the extent to which such loss cannot be set off against income from any other head of income for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head "Profits and Gains of Business or Profession" for subsequent years. As per Section 72(3) of the Act, the loss so carried forward can be set off subject to a limit of eight FYs immediately succeeding the FY for which the loss was first computed. However, as per Section 80 of the Act, only a loss which has been determined in pursuance of a return filed within the due date in accordance with the provisions of Section 139(3) of the Act shall be carried forward and set off under Section 72(1) of the Act.

## 2 BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE ACT

### 2.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, income by way of "dividends" received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875% (tax rate of 15% plus surcharge of 7.5% and education cess of 3%) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

### 2.2. Capital gains

- 2.2.1. Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such



assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".

- 2.2.2. Section 48 of the Act, prescribes the mode of computation of capital gains, and provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, second proviso to Section 48 of the Act permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, thereby adjusting the cost of acquisition / improvement by a cost inflation index, as prescribed.
- 2.2.3. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company **or a unit of an equity oriented fund** are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a company, profits on transfer of above referred long term capital asset shall not be reduced in computing the "book profits" for the purposes of computation of MAT under Section 115 JB of the Act.
- 2.2.4. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested in **certain notified bonds** within six months after the date of such transfer in specified assets, being bonds issued by:
  - a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
  - b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
  - c) The investment made in such bonds during any Fiscal cannot exceed ₹5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.
- 2.2.5. Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains [other than those exempt from tax under Section 10(38) of the Act] arising to an individual or a Hindu Undivided Family ("HUF") on transfer of Equity Shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of such transfer.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54F of the Act in such cases.
- 2.2.6. Under Section 112 of the Act, long term capital gains, [other than those exempt under Section 10(38) of the Act] arising on transfer of listed Equity Shares in the Company, would be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation or 10% (plus applicable surcharge and education cess) without indexation, whichever is lower.
- 2.2.7. Under Section 111A of the Act, short-term capital gains arising on transfer of Equity Share in the Company would be taxable at 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of Equity Shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act.
- 2.3. **Business Profits**
- 2.3.1. Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the equity shares will be chargeable under the head "Profit and gains of business or profession" as per the provisions of the Act.
- 2.3.2. Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital

gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.

- 2.3.3. As per Section 36(xv) of the Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".
- 2.4. Any Income received by any person for or on behalf of the New Pension System Trust established on 27/02/2008, under the Indian Trust Act, 1882 (2 of 1882) is exempt from tax and is also not subject to DDT.

### **3 BENEFITS AVAILABLE TO NON-RESIDENTS (OTHER THAN FOREIGN INSTITUTIONAL INVESTORS AND FOREIGN VENTURE CAPITAL INVESTORS) UNDER THE ACT**

#### **3.1. Dividends exempt under Section 10(34) of the Act**

- 3.1.1. Under Section 10(34) of the Act, income by way of "dividends" received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875% (tax rate of 15% plus surcharge of 7.5% and education cess of 3%) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

#### **3.2. Capital gains**

- 3.2.1. Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".
- 3.2.2. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a company, profits on transfer of above referred long term capital asset shall not be reduced in computing the "book profits" for the purposes of computation of MAT under Section 115 JB of the Act.
- 3.2.3. Under the first proviso to Section 48 of the Act, in computing the capital gains arising from transfer of Equity Shares of the Company acquired in convertible foreign exchange, protection is provided to a non resident shareholder from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the Equity Shares.
- 3.2.4. Under Section 112 of the Act, long term capital gains, [other than those exempt under Section 10(38) of the Act] arising on transfer of listed Equity Shares in the Company, would be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation or 10% (plus applicable surcharge and education cess) without indexation, whichever is lower. However, there are divergent views given by the Indian judicial authorities in this regard.
- 3.2.5. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):
  - a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
  - b) Rural Electrification Corporation Limited, the company formed and registered under the

Companies Act, 1956.

The investment made in such bonds during any Fiscal cannot exceed ₹5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

- 3.2.6. Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains [other than those exempt from tax under Section 10(38) of the Act] arising to an individual or a HUF on transfer of Equity Shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of such transfer.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54F of the Act in such cases.

- 3.2.7. Under Section 111A of the Act, short-term capital gains arising on transfer of Equity Share in the Company would be taxable at 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of Equity Shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act.

### 3.3. Business Profits

- 3.3.1. Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the equity shares will be chargeable under the head "Profit and gains of business or profession" as per the provisions of the Act.
- 3.3.2. Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.
- 3.3.3. As per Section 36 (1) (xv) of the Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".
- 3.4. As per Section 90(2) of the Act, provisions of the DTAA between India and the country of residence of the non-resident would prevail over the provisions of the Act, to the extent they are more beneficial to the non resident.

### 3.5. Special benefit available to Non-resident Indian Shareholders

Where Equity Shares of the Company have been subscribed by Non-Resident Indians ("NRI") i.e. an individual being a citizen of India or person of Indian origin who is not a resident, in convertible foreign exchange, they have the option of being governed by the provisions of Chapter XIIA of the Act, which *inter alia* entitles them to the following benefits:

- 3.5.1. Under Section 115E of the Act, where the total income of a NRI includes capital gains arising from the transfer of long term capital asset, being Equity Shares in the Company subscribed in convertible foreign exchange, such capital gains shall be taxed at a concessional rate of 10% (plus applicable surcharge and education cess). The benefit of indexation of cost would not be available.
- 3.5.2. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of a foreign exchange asset arising to a NRI shall be exempt from tax if the entire net consideration is reinvested in specified assets within six months of the date of the transfer. If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "capital gains" subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.
- 3.5.3. Under the provisions of Section 115G of the Act, NRI's are not required to file a return of income under section 139(1) of the Act, if the income chargeable under the Act consists of only investment

income or capital gains arising from the transfer of specified long term capital asset or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

#### **4 BENEFITS AVAILABLE TO A FOREIGN INSTITUTIONAL INVESTOR ("FII") UNDER THE ACT**

##### **4.1. Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, income by way of "dividends" received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875% (tax rate of 15% plus surcharge of 7.5% and education cess of 3%) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relating to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

##### **4.2. Capital gains**

4.2.1. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT under Section 115JB of the Act.

4.2.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

- a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any Fiscal cannot exceed ₹ 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

4.2.3. Under Section 115AD(1)(ii) of the Act short term capital gains on transfer of Equity Shares shall be chargeable at 30% or 15% (where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same), as the case may be. The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the Act, long term capital gains arising from the transfer of Equity Shares (in cases not covered under Section 10(38) of the Act) of a Company shall be taxable at 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the Equity Shares form a part of stock-in-trade, any income realised in the disposition of such Equity Shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the Equity Shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of Equity Shares is

chargeable to tax in India as business income, FIIs could claim deduction under section 36(xv) of the Act with respect to STT paid on purchase/sale of Equity Shares while computing taxable income. Business profits may be subject to tax at the rate of 30%/ 40% (depending on the type of FII) plus applicable surcharge and education cess.

- 4.2.4. As per Section 90(2) of the Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII. Where FII treat the income realized from disposition of Equity Shares as business profits and it does not have permanent establishment in India, such income of FII may not be subject to tax in India.

#### 4.3. Tax deduction at source

Generally, in case of non residents, tax, (including surcharge and education cess) on the capital gains, if any, is withheld at the source by the buyer in accordance with the relevant provisions of the Act. However, no deduction of tax is required to be made from any income by way of capital gains arising from the transfer of securities (referred to in Section 115 AD of the Act) payable to FIIs.

### 5 BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

### 6 SECURITIES TRANSACTION TAX ('STT')

All transactions entered into on a recognized stock exchange in India will be subject to STT levied on the transaction value at applicable rates. In case of purchase / sale of Equity Shares is settled by way of actual delivery or transfer of the Equity Shares, STT will be levied at 0.125% on both the buyer and seller of the Equity Shares. For sale of Equity Shares settled otherwise than by way actual delivery or transfer of the Equity Share, STT will be levied at 0.025% on the seller of the Equity Share. The STT can be claimed as deduction while computing taxable business income as per the provisions of the Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

### 7 CAPITAL LOSS

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains Sec 74. Long term capital loss arising on sale of Equity Shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of eight years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non resident) is required to file appropriate and timely returns in India.

### 8 DTAA BENEFITS

An investor has an option to be governed by the provisions of the Act or the provisions of DTAA that India has entered into with the country of residence of the investor, whichever is more beneficial.

### 9 BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

### 10 BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

### 11 IMPLICATIONS OF GIFT UNDER THE ACT

- 11.1. As per Section 56(2)(vii) of the Act, any property (including Equity Shares of the Company) which is in nature of capital asset of the recipient, other than immovable property is received by an individual/ HUF:
- without consideration, where the aggregate fair market value of such property exceeds ₹ 50,000, then such aggregate fair market value; or



- b. for a consideration which is less than the aggregate fair market value of such property by more than ₹ 50,000, then such difference between the fair market value and the actual consideration received.

would be taxable as income from other sources. However, this is not applicable where shares are received from certain specific persons (such as relatives etc.) and/ or in specified circumstances (on occasion of marriage etc.) as mentioned in Section 56(2)(vii) of the Act.

Notes:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws (i.e. Act as amended by the Finance Act 2010 and Wealth Tax Act, 1957) presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws; This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her/ its own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders*
- *Please note that we have not considered the provisions of Draft Direct Taxes Code for the purpose of this Statement.*

## SECTION VI - ABOUT US

### INDUSTRY OVERVIEW

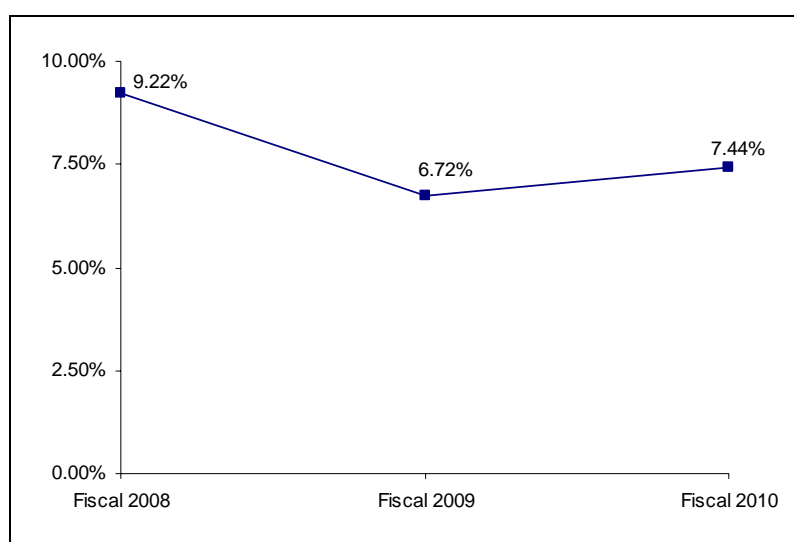
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#### Indian Economy

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4 % in 2009-10, with 8.6 % year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. GDP growth rate of 7.4 % in 2009-10 has exceeded the government forecast of 7.2 % for the full year. According to government data, the manufacturing sector witnessed a growth of 16.3 % in January-March 2010, from a year earlier. (Source: Central Statistical Organization)

The following graph sets forth the GDP\* growth rates of the Indian economy:



(Source: Central Statistical Organization)

\*GDP at Factor Cost (Constant Prices)

Quarterly GDP at factor cost at constant (2004-05) prices for Q1 of 2010-11 is estimated at Rs 11,327,780 mn., as against ₹ 10,409,490 mn. in Q1 of 2009-10, showing a growth rate of 8.8 % over the corresponding quarter of previous year.



## Printing Consumables Industry

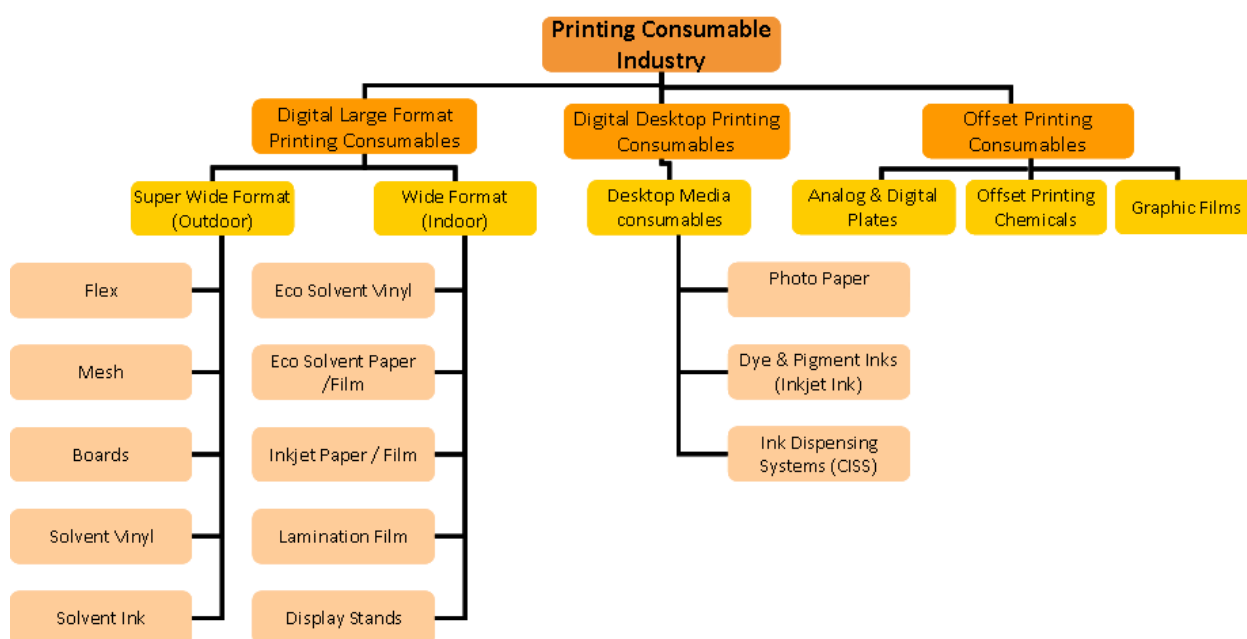
Indian printing industry is considered as one of the largest industries. There are more than 160000 printing presses in active operation in the country employing nearly 1.6 million work force. The northern region of the country accounts for nearly 33 % of India's print market, followed by west and south at 28 and 27 % respectively. East is at 12 %.

The overall printing industry is expected to grow to Rs 828 billion by 2012 from about Rs 475 billion in 2007 with a 2007-12 CAGR of 11.2 %. Segments like books and print media are projected to witness a faster growth rate of around 10 % each during the same period. Of the various end use segments of printing, the newspapers account for nearly 28 % share of the market value; stationery follows with a 13 % share. The rest is fragmented amongst books, commercial and promotion, print advertising and magazines.

Printing consumable industry can be broadly divided as follows:

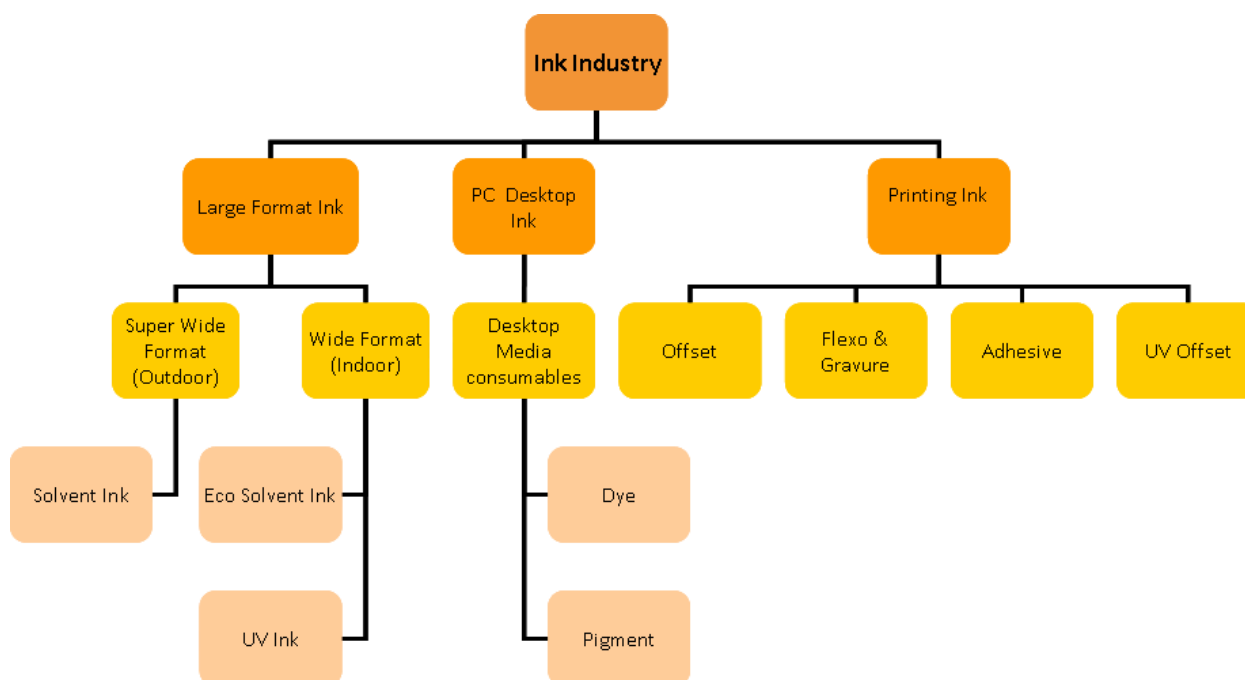
- **Digital large printing consumables:** Comprising printing materials like flex, vinyl and mesh, solvent inks
- **Offset printing consumable segment:** Including Offset printing plates, films, printing chemicals etc
- **Digital desktop segment:** Consisting of digital printing solution like CISS, ink and photo paper

The industry size for the printing consumable industry can be estimated to be at ₹ 35 billion as on 2009-10 (excluding CISS and the eco solvent ink).



The Indian printing ink industry is valued at approximately Rs 25 to 28 billion of March 2010 with an average growth rate of 12 – 15 % annually for the past 3 years by volume. In terms of tonnage of ink manufactured in India, it is estimated to be 140-160 million tonnes. Ink industry can be divided into four main segments namely gravier and flexo, web offset, sheetfed and other inks. Gravier and flexo is mainly used for flexible packaging, web offset is used for newspapers while sheetfed is used for books, magazines etc. Others include a variety of ink like metal inks, screen inks, inkjet inks etc.

**Ink Segment can be broadly classified as follows:**



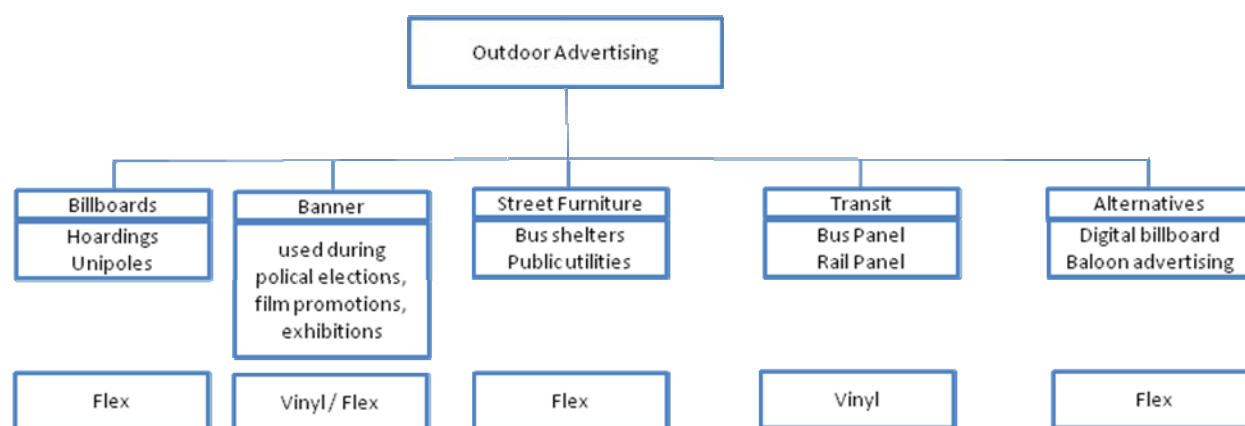
- Large format ink is mainly used for printing on materials like Flex, Vinyl etc
- PC desktop inks consumable are mainly used in desk top printers
- Printing ink consumable finds its use mainly in the offset printing segment

### **Digital Large Printing Consumable Industry:**

The most common and widely used digital large printing media are flex, vinyl, and mesh. Printing is done on flex, vinyl and mesh material, which are put up as displays for the out-of-home (also referred to as OOH) advertising. Flex is mainly used for external displays at highways, roads, and bus shelters. Vinyl is preferred for transit (bus, train) displays and inside malls, retail shops etc. Mesh is generally used to as a back drop to Flex. Today with widening usability Mesh is also used as a cover to the building at its construction stage. The ink which is used for printing on flex, vinyl is mainly solvent ink.

The digital large printing consumable industry's growth is closely related to the growth of OOH (out-of-home) advertising industry. OOH includes displays on or in a bus, taxi, at a railway station, airport, mall, retail store, road, club and other touch points when the consumer is outside the home. Digital large printing consumable is primarily used in all formats of OOH advertising products.

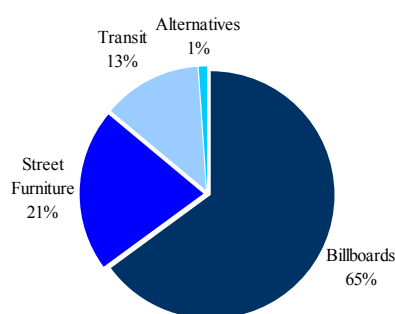
**Figure 1: Digital Large Printing Format industry**



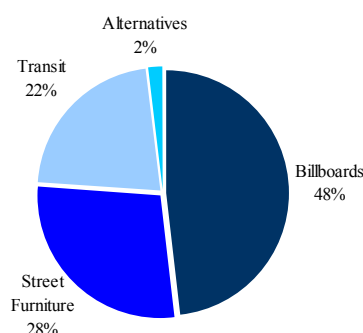
Source: CRISIL Research

Billboards, either standalone displays or on buildings, is the most prevalent form of outdoor advertising in India, accounting for nearly 65 % of the total OOH advertising share as against the worldwide average of 48 %. The large share of billboard advertising is driven by the large presence of Billboard in cities across the country. As compared to transit or street furniture, billboards have relatively low entry barriers, license fees and capital requirements. This has resulted in a glut of billboards, a large portion of which (about 70 %) are concentrated in tier 2 and tier 3 cities. Crisil expects the share of transit media, in terms of overall outdoor spend mix, to increase in India and be in the range of worldwide outdoor spending mix, leading to an increase in the share of vinyl in the overall digital wide format media industry.

**Figure 2: Indian OOH advertising spend mix – 2009-10 (in %)**



**Figure 3: Worldwide OOH advertising spend mix – 2009-10 (in %)**



Note: Alternatives include digital signage and TV

Source: CRISIL Research

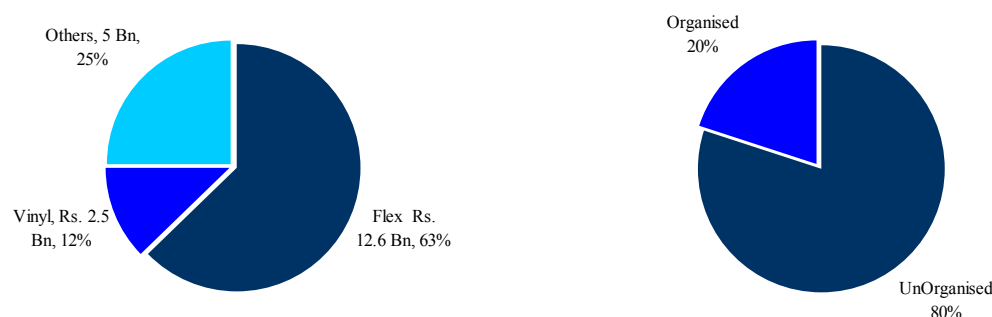
Materials like Flex and Vinyl are increasingly being used by political parties during election campaigns. One can see these materials also being used during advertising exhibitions, film promos etc.

The Indian digital large printing consumable industry (including vinyl, mesh, backlit, sun board and excluding solvent ink) has grown at a CAGR of 24-26 % (2004-05 to 2009-10) to a market size of Rs 15-16 billion (flex contributing 80 % in 2009-10) in 2009-10. Volumes have increased at a CAGR of 55-60 % in the same period, however, realizations have declined. Decline in price realizations was mainly on account of technological improvement and increasing volumes which enabled the domestic industry to gain from the economies of scale. The market size was around Rs 3.5 - 4.5 billion for 2004-05 of which the flex media segment contributed in the range of Rs 2.8-3.6 billion.

Crisil believes realisations have reached the bottom level and crisil do not expect the same to decline further. Increase in the penetration of flex in the Indian OOH industry with increased affordability (due to reduction in

cost of flex), greater availability of the technology (flex printing machines) and adaptation of the new printing technology (from painting to flex printing, which led to faster turnaround times and superior quality) have fuelled this rapid growth in volumes. The growth was further aided owing to the increase in outdoor advertising, growth in organised retailing, and higher spending in infrastructure projects (highways, airports, roads).

Share of the digital Large printing consumables 2009-10 including solvent ink Figure 5: Industry structure (in %)

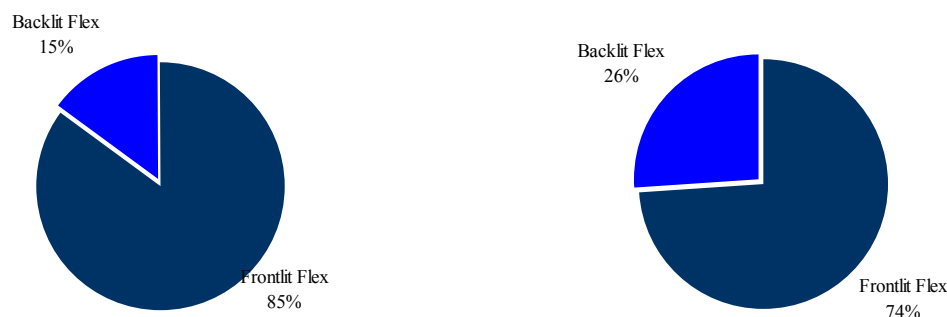


Source: CRISIL Research

The share of organized market is roughly around 20 %. The unorganized segments tend to import in small quantities and as such do not have much bargaining power. Currently, Pioneer is the only player which manufactures flex in India. Most of the unorganized players prefer to import as it is a cheaper option when compared to manufacturing flex in India.

The flex segment, which accounts for around 80 % of the total digital wide format media market (excluding solvent ink), can be bifurcated into two types namely backlit flex and frontlit flex. Frontlit flex is illuminated with a light from the front whereas the backlit flex has a light box behind it. Flex can be of different sizes ranging from 260 GSM (gram per square metre) to 440 GSM. However, the most common size used for frontlit flex is 280 and 300 GSM. Backlit flex mainly comes in the range of 380 to 610 GSM. It is mainly used in premium locations and in places where there is not much light for example, bus stops and highways. The cost of backlit flex is almost double that of frontlit flex resulting in the value share being about 26 % in spite of volume share being about 15 % in the flex media industry. The requirement in the banner segment are sporadic and need demand estimation in advance to fulfill requirements in a short period of time

Figure 6: Volume share of flex as of March 2010 Figure 7: Value share of flex as of March 2010 (in %)



Source: CRISIL Research

Backlit and frontlit flex are mainly used for outdoor locations while vinyl is preferred inside the malls, retail shops etc. Although the clarity of vinyl is much higher than flex, its cost is higher than the flex (frontlit) by 80-

90 %. Vinyl is used in all the transit displays (buses and trains) as it can be stuck at a place. Typically, flex is preferred in billboards being relatively inexpensive. However, vinyl is preferred in malls because of higher clarity.

### **Demand drivers of digital wide format media industry**

Growth of the flex industry is closely linked with growth of the outdoor advertising industry. Some of the key demand drivers are as follows:

- **Improved infrastructure** – With improvements in infrastructure like building of new airports, launch of metro rail services, expansion of existing ones, upgradation and repair of public utilities and better road and rail transport with flyovers and metro rail systems, avenues for displaying an advertisement are set to increase significantly.
- **Increased spending by verticals (telecom, BFSI and media companies):** Going forward, Crisil expects key verticals such as telecom, BFSI, media, FMCG and consumer durables to increase their OOH advertising spending in smaller towns and cities. Further, crisil also expects increased OOH advertising spend by growing verticals like education.
- **Development of outdoor measurement tools:** India lacks a measurement metric to evaluate the returns generated by outdoor advertising. This makes it difficult for an advertiser to gauge the audience that the campaign may permeate and influence. This inadvertently affects investment as the inability to gauge the effectiveness of a medium reduces consumer confidence and consequently, the investment. In the recessionary period of 2009, despite the overall advertising spend increase in India, crisil had seen a decline in market for OOH as corporate preferred to spend on advertising mediums with measurable effectiveness. Currently, an Indian company has initiated the Indian Outdoor Survey in Mumbai and Delhi on similar lines. This will lead to more stability in terms of OOH spending.
- **Growth in organized retailing:** Point of displays will increase with growth in organised retail, resulting in an increase in the use of digital wide format media. CRISIL Research expects the Indian organised retail sector to grow at a CAGR of 22 % till 2013-14
- **Entry of international and large organised players in the OOH market:** Over the last few years, several multinationals like JC Decaux and Clear Channel among others have entered India bringing with them considerable amount of international expertise and best practices. Along with well funded organised players like Times Innovative Media (Times OOH), Jagran Engage and Reliance ADAG, bright outdoor, and In and Out these players are expected to slowly change the outdoor landscape by infusing professionalism and structure into this largely unorganized industry. With the entry of these players, crisil expects the product mix of digital wide format media to shift towards higher value products.
- **Rural advertising:** With the prices of flex having come down considerably they have found new its new found entry in rural India. Due to the problems of power shortage electronic media and other digital displays become difficult to use. Increasing affordability is inducing people to increasingly move towards using flex displays for advertising in rural India
- **Events:** Sporting events like Commonwealth Games and IPL will accelerate growth in the short term. While events like political elections, festivals exhibitions etc also fuel growth for the make shift banners which largely uses flex/ vinyl

### *Anti-dumping duty*

*In September, 2010 the Commerce Ministry has imposed a levy of provisional anti-dumping duty of 24 % on imported flex (including vinyl, mesh etc) from China. Importers have partially passed on the increase in cost by increasing the price by 15 %. Prices have increased to around Rs 3.10 per sq ft in the wholesale market and Rs 3.45 per sq ft in the retail market from the levels of Rs 2.70 per sq ft. and Rs 3.00 per sq ft respectively. Small importers would sustain to maintain pricing once their stocks have exhausted.*

Going forward CRISIL Research expects the complete pass on of the anti dumping duty to the consumer as the low cost inventory will be sold out. Crisil expects the prices of frontlit flex to be around Rs 3.35 per sq ft and Rs 3.70 per sq ft at the wholesaler and retailer level respectively, depending on the specifications and quality.

## Industry outlook

The incremental growth in the digital large printing format industry would be impacted by the extent of growth in the OOH advertising industry given the high penetration level of flex. Going forward, Crisil expects the digital wide format media industry (excluding solvent ink) to grow at a CAGR of 17-18 % in the next 3 years. Crisil expects volume growth to be in the range of 9-11 % y-o-y while the rest of the growth will be due to growth in reasiliations, as a result of the pass on of the cost of imposition of the anti dumping duty and an improvement in product mix.

Figure 8: Value trend for Digital wide format industry excluding solvent ink (₹ million)

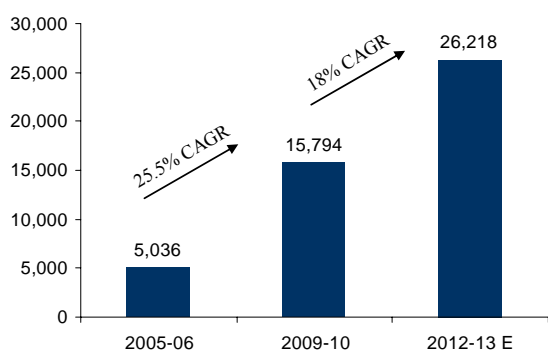
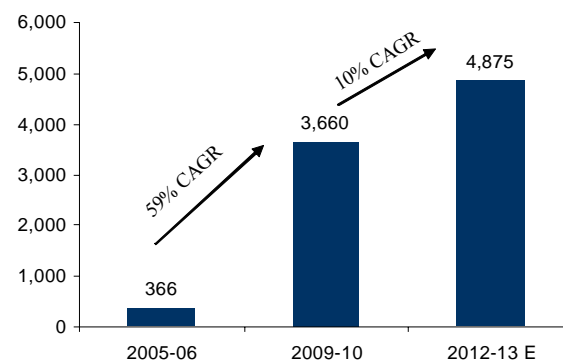


Figure 9: Volume trend for Digital wide format industry excluding solvent ink (million sq ft per annum)

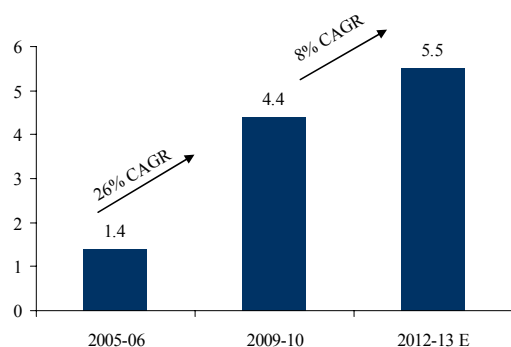


Source: CRISIL Research

Crisil expects the OOH advertising industry to grow speedily as advertising spends revive, driven by the entry of new telecom players, expansion of existing ones, launch of new automobile models and IPOs coming back on track. CRISIL Research projects OOH advertising revenues to grow by 15 % CAGR in the next 3 years. With improvements in infrastructure like building of new airports, expansion of existing ones, and better road and rail transport with flyovers and metro rail systems, avenues for displaying an advertisement are set to increase significantly

## Solvent Ink

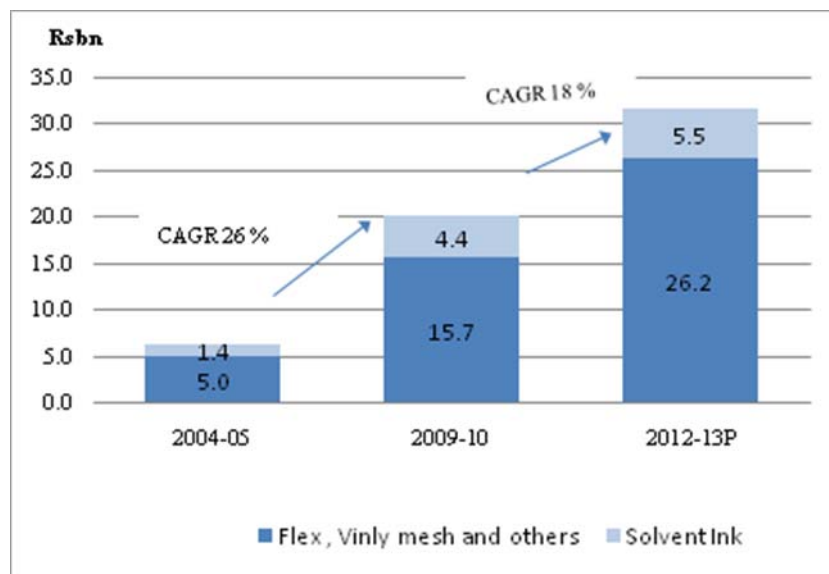
Figure 9: Trend in solvent ink industry (in billions)



Source: CRISIL Research

Solvent ink is used mainly for printing on Vinyl, flex materials etc. The solvent ink industry volume grows in line with the growth of the flex volumes as seen in the past five year's growth of around 26 %. Going ahead Crisil expects the overall solvent industry to grow around 8-9 % annually till 2012-13 in line with our expectation of the growth in volumes of flex industry.

Figure 9: Market size for Digital wide format industry



Note: The Flex industry includes vinyl, mesh, sunboard etc.

Source: CRISIL Research

### Competitive landscape mapping in the domestic digital wide format media industry

The digital wide format media industry is highly fragmented with the unorganized players segment accounting for around 80 % of the total market. Max flex has around 7 % market share in the digital wide format media is the number one player in the flex industry.

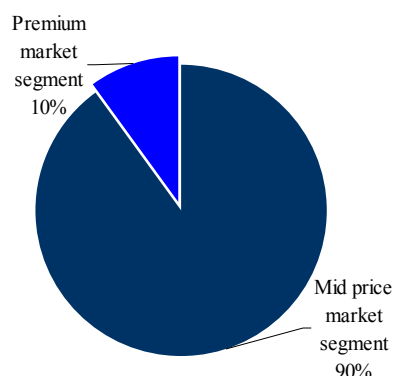
The fragmented market along with low entry barriers leads to high bargaining power of the suppliers. While it is possible for anyone to start dealing in flex in India, the key differentiator or entry barrier for creating a sustainable growth business would be product standardization and extensive distribution network where players like Max Flex score over its competitors. Further due to limited reach and size small importers import materials in small quantities. This restricts small players to import and sell at competitive prices.

The OOH advertising industry, which is the main user segment for the flex media, is closely linked to economic cycles in terms of performance and can be easily impacted in a scenario of economic downturn.

In the organised segment, players can be largely bifurcated in two broad segments. The first segment of players i.e. the premium segment operate at a higher price range, and the price charged will be typically more than double of players in the mid market segment. The higher price charged by the premium segment is mainly due to higher durability, worldwide brand recognition and higher warranty (1 year) provided by them. The premium segment mainly caters to MNCs abiding by the same brand in their worldwide operations. These two segments do not compete with each other, as the price difference between these two is very high.



Figure 11: Price segmental share



Source: CRISIL Research

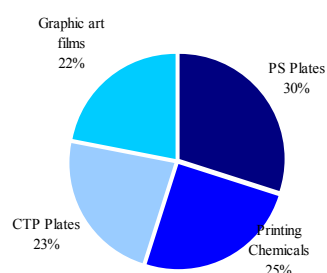
On an average the mid market segment operates in the range of ₹ 3.00 - 3.70 per sq feet for frontlit flex, whereas the premium market segment operates in price segment higher than ₹ 5.

Max Flex operates in the mid price market segment, which is growing faster than the premium priced segment. Max flex prices its products sells its product in the mid segment at competitive pricing inspite of it having some of the premium product characteristics like lamination and coating enabling a better finishing to the print. The mid market price segment caters to higher volumes than the premium segment. Typically for an OOH advertising display the contract period ranges from 2 to 4 weeks after which either the contract gets terminated or renewed. Most of the companies' change their campaign in a span of 3 to 8 weeks. Thus, volumes of the mid market segment are much higher as most of the companies prefer the mid market flex material, which has a durability that suffice their needs and at the same time are cost effective.

## OFFSET PRINTING CONSUMABLE INDUSTRY

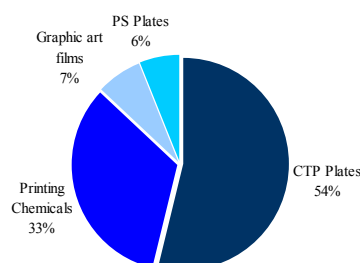
Offset printing is generally used for printing bulk printings like news papers, magazines etc. The offset printing consumable industry can be comprise mainly of four products mainly PS Plates, CTP Platesgraphic arts films and printing chemicals. The CTP plate's technology has come into prominence mainly in the past three- four years and has taken market share from the PS plates. PS plates have the matter recorded in the films which then are imprinted on paper. CTP uses digital technology where the digitally stored matter is directly printed on the paper. Technova, with a market share of around 70 %, dominates the offset printing consumable industry.

Figure 12: Market share as of March 2007 (in %)



Source: CRISIL Research

Figure 13: Market share as of March 2010 (in %)



The Indian printing industry can be broadly classified in two categories, digital printing and offset printing. The main user segment for the offset consumable printing industry is the newspapers, magazines, books etc. Offset printing is mainly used when the numbers of prints are more than 5000; if not, digital printing is preferred. The market size of offset printing consumable industry, as of March, 2010, contributed about Rs 9.50 billion.

### Demand drivers of offset consumable industry

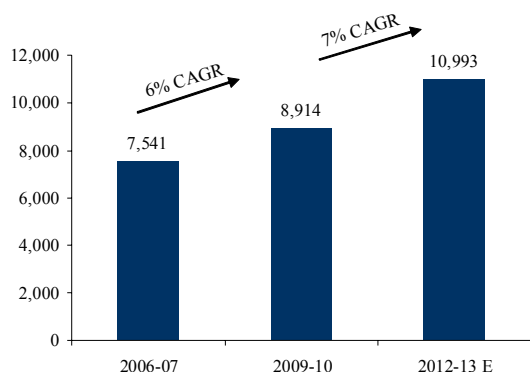
- Economy growth of 8-9 % over the next 2 years along with structural changes in the economy such as urbanization, rise in disposable income, changing consumer behavior and lifestyle will aid the growth of offset printing industry
- Increase in outsourcing of printing jobs to India
- Focused efforts by government to promote education through Sarva Shikshan Abhiyan and other schemes resulting in increased literacy levels
- In the Twelfth Five-Year Plan, Rs 2,700 billion earmarked for education as compared to Rs 742 billion in the Tenth Five-Year Plan

Increase in student enrollment by 4 - 5 % over the next 2 years

### Industry outlook

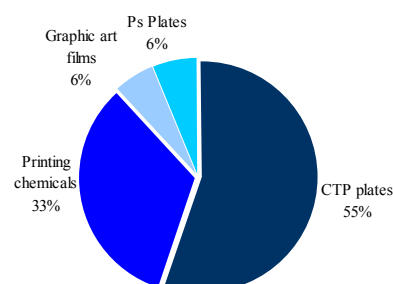
Crisil expects the offset printing consumable industry to grow at 6 to 8 % CAGR for the next 3 years. This will be on the back of growth in newspapers which account for around 50-60 % of the total volumes in the offset printing segment. Crisil expects vernacular language newspapers to drive subscription growth, as publishers increasingly explore and penetrate the regional market.

Figure 14: Offset printing consumable industry size (₹ in millions)



Source: CRISIL Research

Figure 15: Share of different offset printing consumables (in %)



Demand would rise due to the expected growth in circulation of print media, particularly vernacular newspapers, which account for a large share of domestic newsprint demand. Circulation of print media is expected to increase owing to the rising literacy levels in the country as well as the low penetration of online media.

### Major players in the industry and competitive landscape mapping in the domestic offset printing consumable industry

The offset printing consumable industry in India is oligopolistic, with few strong players and intense competition leading to limited pricing power. Technova enjoys a dominant market position in the Indian offset printing consumable industry. However, it faces intense competition from established international players such as Fuji and Kodak. Fuji and Kodak are among the largest manufacturers of offsets plates in the world, and enjoy

significant advantages of scale. In India, Technova despite its market leadership has limited pricing flexibility. Any price variation by the company would be met by a retaliatory move by other players.

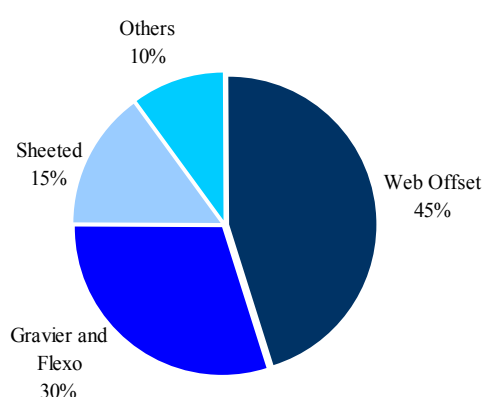
## Digital Desktop Segment

### Continuous ink supply system (CISS)

A continuous ink supply system (CISS) is an innovative product which is used as an attachment to inkjet printers. This enables a continuous flow of ink from the CISS unit to printers and is often used as a substitute to ink cartridge. The main advantage of a CISS is that it is highly cost efficient as it reduces running cost of printer significantly. This decrease in printing cost is as a result of refilling ink again instead of changing ink cartridge (ink, plastic cartridge and chip) every time.

The refilling of ink cartridges and the use of CISS for inkjet printers is common in most countries and finds its use mainly in the photographic segment in India.

Figure 16: Market share of ink as of March 2010

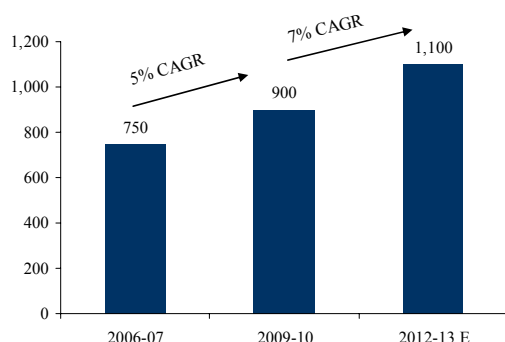


Source: CRISIL Research

The Indian printing ink industry is valued at approximately Rs 25 to 28 billion of March 2010 with an average growth rate of 12 – 15 % annually for the past 3 years by volume. In terms of tonnage of ink manufactured in India, it is estimated to be 140-160 million tonnes. Ink industry can be divided into four main segments namely gravier and flexo, web offset, sheetfed and other inks. Gravier and flexo is mainly used for flexible packaging, web offset is used for newspapers while sheetfed is used for books, magazines etc. Others include a variety of ink like metal inks, screen inks, inkjet inks etc.

The market size for inkjet inks is estimated to be at around ₹ 900 million. The inkjet ink requirement in the country is expanding at a healthy pace with increase in the population of digital printers both solvent and UV based. Though the majority of inks for this industry are presently imported, there are a growing number of local inks manufacturers who have started offering products to replace imported inks. Going ahead Crisil expects the inject ink market to grow around 7 % annually to reach ₹ 1100 million by 2012-13.

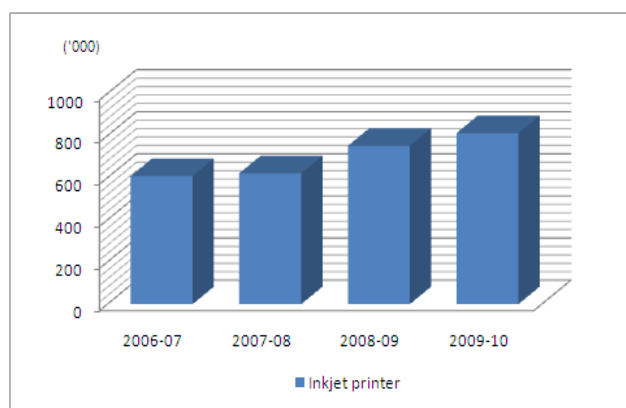
Figure 17: Inkjet ink industry outlook (₹ in millions)



Source: CRISIL Research

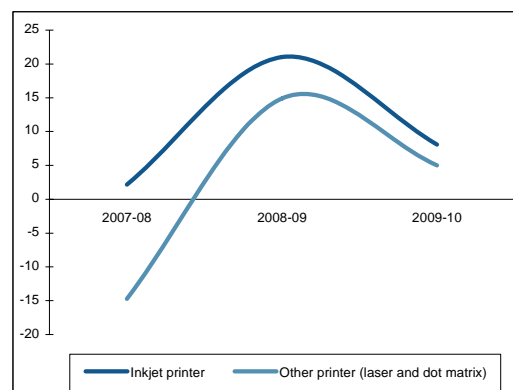
CISS and inkjet inks are only used for inkjet printers, which make the growth of these two products closely related to the growth of inkjet printers and the consumption per printer. Over the past 3 years (2007-08 to 2009-10), the growths of inkjet printers have been higher than the growth of other (laser and dot matrix) printers.

Figure 18: Inkjet printers sales in India (in '000)



Source: CRISIL Research

Figure 19: Growth of inkjet printers vs other printers (%)

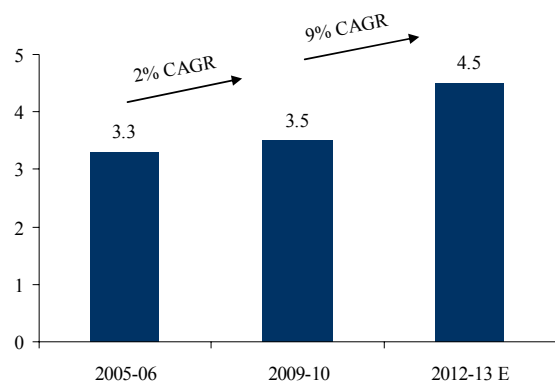


## Photo paper segment

Photo paper is a category of inkjet paper designed specifically for reproduction of photographs, which is extremely bright white due to bleaching or addition of substances such as titanium dioxide, and has been coated with a highly absorbent material that limits diffusion of the ink away from the point of contact. Photo papers are used in both inkjet and laser printers and are available in multiple variants depending on the quality of photo paper.

The market for photo paper comprises of organized players who capture the bulk of photo paper sales and a segment of the unorganized players who are present locally. The average price of a photo paper is currently valued at Rs 70 with the price declining from around Rs 84 in 2004-05. CRISIL Research expects the photo paper price to have nearly bottomed out with the price remaining stagnant over the next few years. The photo paper industry is valued at Rs 3.5 billion in 2009-10, showing a 2 % CAGR over its size in 2006-07. The industry is expected to grow at a CAGR of 8.7 % to Rs 4.5 billion over the period 2009-10 to 2012-13. This would be on the back of increased volumes and stagnant price. The volumes have shown a 5 % CAGR from 42 million in 2006-07 to 48 million in 2009-10. This is expected to increase to nearly 63 million by 2012-13, at a CAGR of 8.7 % given the increasing penetration of photography and related segments.

Figure 20: Photo paper industry (₹ in billions)



Source: CRISIL Research

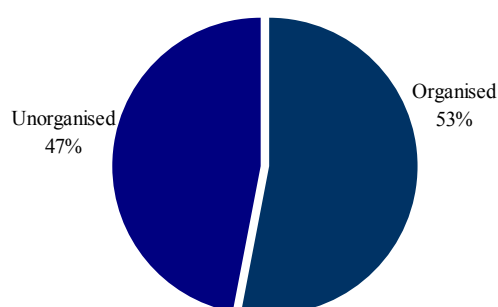
### Demand drivers of digital desktop segment

- Demand for the CISS segment would be mainly driven by the increase in the inkjet ink as well as increasing substitution from cartridge to CISS units
- The photo paper segment will be driven by its increasing application across segments like corporate functions, advertising etc.

### Major players in the industry and competitive landscape mapping in the domestic digital desktop / CISS industry

There are approximately around 25 organised importers of CISS in India having a market share of about 53 %. Major players in the organised market includes Max Flex, Jet Cartridges (I) Pvt Ltd, Spashjet print technologies, Goldstone, Rational Business Corporation Pvt Ltd (Deshmat) and Vinod Medical Stores Private Ltd.

Figure 21: Industry structure of CISS as of March 2010



Source: Crisil Research

There are around 200-300 unorganised players controlling 47 % of the CISS market. The competition is very high as a result of high fragmentation in this industry and low entry barriers. Photo labs are the main user segments for CISS.

## SWOT ANALYSIS

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Growth in flex industry is closely linked to growth in OOH advertising, infrastructure spending, and the organized retailing industry which are slated to grow at a healthy rate in the next 3 years. Newer application for flex material in events , political campaign and rural inroads offer a large opportunity for flex growth over longer term period</li> <li>• Able to sell good quality laminated and coated flex at a competitive mid range pricing</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• The digital large print consumable industry is constrained by the working capital intensive nature of the business resulting in high working capital borrowings</li> <li>• The OOH industry is vulnerable to economic cycles. As a result, this segment was the hardest hit when corporate began cutting advertising spends after the economic slowdown in early 2009</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• With improvements in infrastructure like building of new airports, expansion of existing ones, and better road and rail transport with flyovers and metro rail systems, avenues for displaying an advertisement are set to increase significantly. In the coming 2-3 years, while the outdoor advertising industry grows in size, Crisil expect the digital wide format media to grow at a faster pace</li> <li>• There has been considerable interest in the Indian outdoor advertising space evident from the quantum of investments made over the last few years. A large portion of these funds were directed for bidding for rights to advertise in airports and on street furniture like bus shelters. Crisil expects an improvement in product mix for the digital large print consumable with increased investments in the OOH advertising industry.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• The digital wide format media industry is a highly fragmented market with low entry barriers and high bargaining power of suppliers leading to low pricing flexibility</li> <li>• Most of the products in the printing consumable industry are imported from China, which makes it vulnerable to the risk arising from geographical concentration</li> <li>• As the digital wide format media industry is import driven, any change in government policy may be vulnerable to the industry</li> </ul>

Source: CRISIL Research

## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the chapter titled “Risk Factors”, beginning on page 12 of the Draft Red Herring Prospectus. In this section a reference to the “Company” means Max Flex & Imaging Systems Limited.*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, in the sections titled “Risk Factors”, “Financial Statements” and “Management Discussion and Analysis of Financial Condition and Results of Operations” on pages 12, 192 and 258 respectively of the Draft Red Herring Prospectus.*

*Unless the context otherwise requires, in relation to business operations, in this section of the Draft Red Herring Prospectus, all references to “we”, “us”, “our” and “our Company” are to Max Flex & Imaging Systems Limited, (including our wholly owned Subsidiaries, Amprochem Private Limited and Max Apollo Flex Digital Limited as the case may be).*

### Overview

Our Company was incorporated in the year 2002 and is currently engaged *inter alia* in the business of manufacturing and marketing of digital and offset printing consumables in India. Our Promoter, Mr. Hitesh Jobalia, has nearly 25 years of experience in the printing consumables industry, having been a part of M/s. Max Traders, a partnership firm involved in business of printing consumables, since 1984, which was taken over by our Company. Over the years, we have developed in-house capabilities and built alliances for providing comprehensive solutions in digital printing consumables, offset printing consumables and related accessories.

We are a “one stop shop” for all kinds of printing consumables needs of the Indian printing industry. Our customer / product user base includes digital and offset printers, print service providers, billboard companies, publication houses, newspaper publishers, magazines, and advertising agencies.

We provide printing consumables, which includes:

- Printing surfaces (also widely known as ‘Media’ or ‘Printing Media’ i.e. a surface to print upon);
- Printing inks;
- Offset printing chemicals;
- Offset printing plates; and
- Accessories

The printing media encompasses all types of material including flex, mesh, boards, vinyls, laminates, graphic films, paper and photo paper. Printing inks supplied by our Company are solvent inks, eco solvent inks and dye and pigment inks. Furthermore, we manufacture chemicals used for offset printing and also supply plates to the offset printing industry. In the printing accessories space we provide cost effective ink dispensing systems, display stands and related products. We market our products primarily on a business-to-business (“B2B”) platform and cater to a diverse customer base.

Our business can be broadly classified in three business divisions, based on the end use applications:

- (i) Digital Large Format Printing Consumables,
- (ii) Digital Desktop Printing Consumables, and
- (iii) Offset Printing Consumables.

- **Digital Large Format Printing Consumables:** In this business division we contract manufacture (through our ODMs) and market products which are used in digital printing applications. Digital printing refers to methods of printing from a digital based image directly to variety of media. This business segment can be further segregated based on the sizes of the media and their primary application in two segments:

- Super Wide Format (“SWF”); and
- Wide Format (“WF”)

The products in the SWF segment are primarily used in outdoor applications; we provide a wide spectrum of products / media including flex, mesh, boards, solvent inks and solvent vinyl.



The WF products are primarily used for indoor applications and consist of eco solvent vinyl, eco solvent paper, eco solvent films, inkjet paper, inkjet films, laminated films printing media and eco solvent inks. We also provide display stands.

Our Digital Large Format Printing Consumables products have various applications including billboards, banners, posters, exhibition and conferences, political banners and posters, religious posters and banners, point of purchase banners and posters.

- **Digital Desktop Printing Consumables:** Digital printers can range from desktop printers typically used in offices, homes, photo studios and other commercial setup to larger floor model printers which may be used by businesses involving complex applications and multiple users. In the Digital Desktop Printing Consumables segment, we supply multipurpose inkjet paper of varied specifications, dyes and pigment inks and ‘Continuous Ink Supply Systems’. Some of our products in this division are sold as complete solutions, wherein we provide the media for printing (i.e. photo paper), ink, ink dispensing systems and related products.

Our products in this segment are primarily used in photo studios, commercial establishments and domestic setups.

However, there may be some interchange of underlying products across the various segments as the classification is based on their application by the end user.

- **Offset Printing Consumables:** In this business division, we contract manufacture (through our ODMs) and market products which are used in offset printing applications. Offset printing is a widely used printing technique where the inked image is transferred (or “offset”) from a plate first to a rubber blanket, then to the printing surface. Our products under this category include analog and digital plates, offset printing chemicals and printing surface media i.e. graphic films.

Our products in this segment are primarily used by printers.

We have a chemical manufacturing facility in Badlapur, Maharashtra, having an area of 12,000 sq. ft with a capacity to manufacture 3.3 mn. litres per annum. Operations of the chemical manufacturing facility are being conducted through our wholly owned Subsidiary, Amprochem Private Limited. Our offset printing consumables products have various applications including newspapers, magazines, books, brochures and other bulk stationery.

At present, our bouquet of products includes over 9300 variations of media, ink, plate, chemical products and accessories. Our products are sold under our own brand “MAXXX - Generation Next” and are manufactured by ODMs in China and South Korea as per the specifications provided by us. Such ODMs extend an unmatched advantage of manufacturing on a large scale. A primary attribute of this business model is that the ODM manufactures the products specified by a third party owning the intellectual property for the brands viz. our Company. This model is especially preferred where an ODM produces goods for a foreign company, which sees some advantage in the production such as better technology, economies of scale, relatively low capital expenditure and lower production costs.

Our Company with its extensive experience, know-how, in-house market research and product development teams, gives detailed technical specifications to our ODMs and ensures consistent quality. Before shipment, all our media products undergo a rigorous testing and evaluation process to ensure optimum image quality, durability, finishing and product consistency.

We have a pan-India presence and market our products across 19 states in India. Our sales and distribution network comprises of 18 owned branches, C&F agents at 4 locations, 17 warehouses through whom we access more than 4,000 direct customers across India. This extensive network is further strengthened by and more than 175 dealers and commission agents. Further our primary customers include printers who in turn provide services to numerous end users. We also have our own fleet of distribution vehicles for smooth movement of consignments. To effectively manage inventory levels for timely servicing of our customer needs, we have invested in building up warehousing facilities in tandem with our branch offices. This helps us to provide our customers with products of varied specifications on a real time basis, allowing them to operate at zero or bare minimum inventory.

We currently have strategic alliances as distributors, channel partners, registered supplies reseller for various leading global brands to market a wide range of their printing consumables through our existing well knit sales and distribution network for digital media, graphic art films, digital CTP thermal plates and chemicals. We have been associated with these global manufactures since incorporation. Our channel partners have latest products and we ensure consistent supply of these products from our channel partners to our customers.

Our Company has also won several awards in its capacity as supplier of digital printing consumables. In 2009, our Promoters Mr. Hitesh Jobalia was awarded the “Udyog Rattan Award” by Economic Review, New Delhi.

Our total income on a standalone basis has grown at a CAGR of 107.96% from ₹ 166.31 mn. in FY 2006 to ₹ 3,110.69 mn. in FY 2010. Our profit after tax on a standalone basis has grown at a CAGR of 278.54% from ₹ 0.87 mn. in FY 2006 to ₹ 178.64 mn. in FY 2010. On a consolidated basis, our total income stood at ₹ 968.10 mn. for the 3 month period ending on June 30, 2010 and profit after tax was ₹ 65.56 mn. for the same period.

### **Competitive Strengths**

The following are our key strengths, which enable us to be competitive in our business:

#### ***“One stop shop” for printing consumables***

We are a “one stop shop” for printing media and printing consumables, whereby we provide various types of printing consumables including media (flex, mesh, vinyl, graphic films, digital paper), inks, offset chemicals, offset printing plates and Continuous Ink Supply System (“CISS”). Our customers rely on us for the different printing media. We provide a wide variety of media to customers which are available in various specifications, dimensions and qualities.

Corporates and advertising agencies undertake huge advertising campaigns on a pan India basis, entailing high quality printing media of varied dimensions and varied specifications across locations. We, as a “one stop shop”, are capable of supplying our customers with varied printing media of different specifications across India thereby providing comprehensive solutions for printing consumables and allowing them to operate at zero or bare minimum inventory. This gives us an additional edge over other suppliers of printing consumables. This strength coupled with our distribution strength allows us to cater to corporate houses and MNCs by providing them consistent quality products across their nationwide campaigns.

#### ***Strong brand recognition built on high quality products***

Our Promoter, Mr. Hitesh Jobalia is the third generation entrepreneur and has been involved in the business of marketing of printing consumables through their partnership firm M/s. Max Traders which has been in this business for more than four decades. Our Promoters have been carrying on the business of marketing printing consumables under the brand of ‘Maxxx – Generation Next’ since its introduction in the year 2000 logo in Max Convertors Private Limited. We believe we have established a reputed brand name in the printing consumable industry due to our high quality products. We believe customers identify “Maxxx – Generation Next”, as a brand synonymous with consistent quality and timely delivery. As a result, we enjoy customer confidence, enhancing our ability to sell our quality products at a premium in the mid segment market. In addition, we continuously focus on introducing global products specifically customized for the Indian market, thereby proactively providing solutions unique to the Indian market, to our clientele. Our sales and technical experts helps our clients choose the best media configurations based on their requirements.

We place particular emphasis on product development using quality control procedures to ensure that our products are consistently meeting the highest standards for quality. We also emphasize customer service, with the aim of ensuring and maintaining customer satisfaction. We believe that our brand gives us a competitive advantage.

#### ***Unique business model***

We have strived to build a business model to serve as a “one stop shop” for all major categories of printing consumables in both the categories of digital and offset printing. Our Company has entered into contract manufacturing agreements with various ODMs, who are committed to deliver a minimum quantity of products based on our specifications.

A primary attribute of this business model is that it gives access to better technology at relatively low investment coupled with economies of scale and wherein the products are manufactured based on the specifications provided by our Company. Critical aspects of the value chain in this business model, such as product development, testing, marketing distribution and warehousing are retained and executed in-house, thereby ensuring adequate control over the operations.

Such committed ODM arrangements gives us significant advantage over our competitors, in terms of consistent quality of products and assured supplies at relatively low investment, which otherwise cannot be achieved by small importers.

#### ***Early mover advantage in the organized market for distribution of printing consumables***

We believe that in this fragmented and unorganised market of printing consumables, we have an early mover advantage in the organised market of domestic distribution of printing consumables. Our customers are predominantly printers and our long relationship with our customers provides us with an advantage over fresh entrants and other unorganised players. With the years of experience we have developed a strong distribution network and we believe we have high brand equity in the printing industry. This long association also has provided us with first- hand experience and understanding of the requirements of our customers.

The quality of media is a vital aspect in the printing segment and we ensure that the product is best suited as per the Indian atmospheric conditions and as per specific requirements of our customers.

Further simultaneous timely delivery across various locations, is also a vital aspect and our products are delivered in a timely manner at the desired multiple locations. This is also ensured through our own wide distribution network and own fleet of vehicles. We believe that the combination of quality products and the accessibility of our products to our customers in many locations, has served to firmly establish our brand.

#### ***Wide product portfolio***

At present our bouquet of products span both the digital and offset printing processes and include over 9,300 variations of media (flex, mesh, sun board, vinyl, graphic art film, digital paper), ink (inkjet, solvent and eco solvent inks), digital and offset plates and offset printing chemicals. Our products are available in various specifications, across various qualities and sizes. This extensive range of products helps us in being a “one stop shop” for digital and offset printing consumables. We endeavor to combine experience, local expertise and technology to anticipate market and customer needs and respond to local demand situation and creative product combinations.

Our digital product portfolio covers the entire gamut of printing consumables ranging from photo papers for desktop photo printing, to super wide format used in large scale digital printing and sizes ranging from 12 inches to 120 inches. This digital media is available in a variety of specifications to suit varied requirements of all our customers.

Products for offset printing include CTP and PS plates, graphic art films used for transferring the image onto the photo plate and chemicals used in pre press and press room activities.

We supply inkjet ink used for desktop printing and wide format printing and solvent and eco solvent ink for the super wide format.

As an extension of the existing product portfolio we also supply certain accessories like ink supply systems and display solutions including display stands, rollup stands, X-banner stands.

In addition, we have been associated with various brands in printing consumables since incorporation; these channel partners have latest products and we supply them to our customers in continuation of our one stop shop philosophy.

#### ***Well developed product development and customisation abilities***

Over the years, we believe that we have developed extensive product development capabilities. Our continuous interaction with customers and firsthand knowledge of the customers’ requirements and needs, enables us to

assess the requirements of customers, track the global launches and develop the product for Indian requirements in conjunction with our ODM partner.

We work closely with leading printers, advertisement agencies and corporate houses in development of customised printing media. We believe that our extensive experience aided with the technologically advanced manufacturing facilities of our ODM partners, allows us to meet our customers' complex demands in identifying and customizing new products for the Indian consumer. We provide inputs to our ODM partner for improvising upon the existing products.

We continuously focus on introducing global products after customizing them for the Indian market, thereby proactively providing unique solutions to our clientele.

We are one of the players who have introduced certain global products in the Indian market including 'One way vision' and 'Reflective vinyl', 'Polymeric Bubble free - vehicle graphics' and 'eco solvent back lit film'.

Further when new products are launched, with our in-depth knowledge of the Indian markets, we advise the select customers about the applications of these products and then we get their feedback on the product. Based on this feedback and market research we improvise on the product and introduce the new product on a large scale.

#### ***Established sales, marketing and distribution network***

We have a pan India presence and a well knit distribution network, through which we have access to more than 4,000 direct customers. Our sales and marketing network comprises of 18 owned managed branches and C&F agents at 4 locations, 17 warehouses and more than 175 dealers across the Country, enabling us to reach out to a significant number of customers including printers, advertising agencies, newspaper and magazine publishing houses. As on October 31, 2010, we have a strong team consisting of 125 members in the sales, marketing and logistics team to cater to our customers in India. We believe that the extent of this network, and our relationships with our dealers, enables us to market and distribute our products widely and competently, thus improving operational efficiencies, strengthening visibility for our brand and products, improving service quality.

We have also set up warehousing facilities along with majority of our company managed offices which enables us to maintain sufficient inventory levels and provide our clients with 24x7 services. Our warehouses near the ports such as Bhiwandi, Kolkata, Cochin & Chennai provide easy access to consignments being delivered by our ODMs.

#### ***Strategic utilization of the distributor network***

Our sales and marketing network is spread across 19 states in India, helping us in reaching out to more than 4,000 direct customers. By virtue of our wide distribution network and our consistent interaction with the dealers and customers, we have successfully managed to cross-sell our other products such as CISS, display stands and accessories. Cross- selling helps our business realize its objectives, providing useful services, retaining customers, attracting new customers, building brand value and staying competitive. Customers also benefit from needs-based cross- selling efforts because they receive the products and services they need and want. We view cross-selling to existing customers as a crucial growth strategy. One of the most important functions of our branches is to achieve a consolidated view of the relationship our Company has with each customer.

#### ***Diversified customer base***

We have a well diversified customer base. We market our products to over 4000 direct customers across different product segments. Our revenues are not concentrated from a certain set of customers. Our top 10 customers contributed only 7.52% of our revenues for Fiscal 2010. This minimizes our dependence on a few customers.

#### ***Relationship with customers***

The quality of printing consumables is one of the key elements for a successful print campaign. We believe that we have built robust relationship and inculcated confidence in customers through our ability to provide them with comprehensive services and quality products at multiple locations across the country to meet their varied

requirements. For our Company, customer satisfaction is of utmost importance. We are committed to deliver even small quantities at the door step of our customers at short notice, round the clock.

We continuously monitor and improve our product features and service quality to ensure better reach and brand recall for our customers. We conduct surveys with customers for their feedback, which is then used to improve our products further. This relationship also helps us in guiding through the technical and knowledge intensive part of product development.

Our emphasis on educating our customers towards use of new technologies and propagating and introducing new products helps us to earn customer loyalty.

The table below mentions some of our customers:

<b>Digital and Offset Printers</b>	Cochin Security Press Private Limited
	Arihant Digprint
	Vijas Digital (I) Private Limited
	KL Hi-Tech Secure Print Limited
	Ebnezer Press Private Limited
	Avenue Graphics Private Limited
	Sandaw Prints Private Limited
	Pacific Digital
	Comart Lithographers Limited
	VGA Digital Printers Private Limited
	Ayodhya Printers Limited
	Oscar Offset Private Limited
	Shruti Art Private Limited
	A to Z Digital Prints
	Spectrum Scan Private Limited
	Scan Point Process Private Limited
	Krishna Multi Print (India) Private Limited
	N. K. Gossain & Company Private Limited
	Positive Point Graphic Private Limited
	Hindustan Imaging Systems
	Halftone
<b>Advertising Agencies</b>	Bright Outdoor Media Private Limited
	Concept Advertising Limited
	Peacock Media Limited
	Day & Night Publicity & Advertising Private Limited
<b>Newspaper and Magazine Publishing Houses</b>	Navabharat Press Limited
	Samyukta Karnataka
	Lokmat Media Private Limited
	Uttar Banga Sambad

### ***Large scale of operations***

Due to the large scale of our printing consumables business assisted by our presence across India and our significant warehousing capacity at key locations, we have achieved a sizeable scale of operations that contributes to:

- capitalize on our large-scale of operations to command a dedicated line of manufacturing in the ODMs manufacturing plant and to negotiate better terms from our ODMs and suppliers, leading to operational and cost efficiencies;
- operate as a single point of contact for large-scale nation wide campaigns providing us with the opportunity to capture value from the size and integrated nature of such developments;
- undertake development of new products with the flexibility to get products manufactured in accordance with prevailing customer and market requirements; and
- target a particular customer profile through our marketing and sales initiatives in each segment in which we operate and thereby create brand value for our product.

### ***Experienced management team***

Our Company benefits from a well-rounded executive team with significant industrial and business experience. Our management team is comprised of individuals with deep domain expertise and experience in digital and printing consumables industry. Our promoter, Mr. Hitesh Jobalia has 25 years of experience in the printing consumables industry. Our Promoter Mr. Nimesh Shah has around 15 years experience in this industry and Mr. Kirti Doshi has over 2 decades of experience in manufacturing business. The strengths of our management team are our business divisions, such as product development, sales and marketing, and their understanding of the digital and printing consumables market will enable our business to grow in a focused and productive manner. Further, we have a well experienced and trained workforce with the requisite local knowledge of market dynamics and customer needs that are needed to do their work effectively and to achieve our business objectives. We believe that our management team and workforce possess a good understanding of our businesses and customer requirements, and are well positioned to focus on the continued growth of our business.

### **OUR STRATEGY**

Our business strategy focuses on the following elements:

#### **Setting up our own manufacturing facilities**

While we believe we have a business model built on reliable business relations with ODMs, going forward our business plans include backward integration and we propose to setup our own manufacturing facilities accordingly. This is because, while we have till date found our business model dependable in fulfilling the needs of our customers, having manufacturing facilities in India will in the future, enable us to further customize our products to suit individual customers' needs in shorter time.

We thus intend to set up a flex manufacturing plant at Malegaon. This plant will primarily cater to the banner segment, and we believe this segment has seen a tremendous increase in the demand over the last few years. The requirements in the banner segment are to a limited extent, sporadic and require us to anticipate and cater to demand in a short period of time. Having our own manufacturing unit will enable us to reduce lead time and address variances in demand at short notice. It will also give us an advantage over competitors who rely on third parties (domestic or international) to supply to customers in the banner segment who require deliveries to be made within strict deadlines. It will also reduce the susceptibility of our business to changes in international trade and transport conditions, if any.

In furtherance of our strategy to backward integrate our operations, we also intend to setup manufacturing plants in the following segments:

- **PP Hollow Sheets:** We will set up a PP hollow sheet extrusion line to produce PP hollow sheets, It is primarily used in advertisement signage's used in either mounting of Vinyl or for direct printing. PP Hollow sheets are light in weight entailing high transit cost. Further PP hollow sheet is a relatively soft and fragile product and gets damaged during transit and when imported. Currently the demand in India in this segment is being satisfied by the local manufacturers. Demand for PP Hollow sheets in the advertisement industry has increased in the recent past due to its ease of handling and increased application in real size human cut outs. Average life of these sheets is 2 weeks upon printing and being put to use.
- **PVC Rigid Sheet:** An extension of the PP hollow plant is the PVC rigid sheet manufacturing plant, wherein we will manufacture PVC rigid sheets. Setting up this plant will enable us to cater to another segment which is currently being catered by domestic manufacturers as well as imports. We believe difference between the landed cost of PVC rigid sheets and manufactured cost of these sheets in India, presents us an ample opportunity to tap this segment. These sheets have more strength and have an average life more than the PP Hollow sheets. PVC rigid sheets have varied applications including printing industry, packaging industry and construction industry, though the product characteristics may vary significantly depending upon the application. We intend to cater to the printing consumable industry.
- **Coating and Lamination:** Currently we provide coated and laminated printing media as it has better qualities providing better print quality and long lasting prints. As part of our backward integration



strategy and to serve across the value chain, we intend to set up a coating and lamination plant, which will complement products to be manufactured by us in our proposed manufacturing plants. Coating and lamination have varied applications in the printing consumable industry and are usually applied for better quality printing media. Coating and lamination help increase the viability of products.

- **Inkjet Ink – Dye, Pigment ink (inkjet ink – water based) –** We intend to setup our own dye and pigment ink manufacturing plant, which we believe will help us in improving the cost competitiveness and meeting the requirements of our customers in a flexible and shorter delivery lead time. This plant will use technology from our ODM Advanced Ink Technology, South Korea. The plant will produce high-quality dye and pigment based inkjet printing inks to cater to the dynamic demands of the inkjet user industry. The plant will supplement sales of our CISS business as well as help us to cater to the inkjet ink market. With our Company's extensive experience in the printing consumable industry, well established distribution network and good technical knowledge, we believe that we are in advantageous position to capitalize on the opportunities and trends in the ink industry.

#### ***Expand our sales, marketing and distribution network***

To expand our business, we intend to continue aggressively penetrating domestic markets and expanding our domestic market presence by selectively expanding our sales and distribution network and increasing our sales and marketing activities. To augment our efforts in the distribution of our products, we intend to deploy additional field force consisting of sales and marketing representatives who shall meet our customers/prospective customers to inform and educate them about our products / new products. We further intend to market and distribute our products in the domestic markets by making them available to target customers with various distribution channels and our marketing efforts by deploying a field force to support our distribution efforts. In order to achieve this objective we intend expand our sales, marketing and logistics team in line with our growing business and the viable opportunities. Further, we intend to gradually increase our distribution network to cover untapped markets. In addition, we intend to increase our fleet of distribution vehicles, which will help us in timely delivery of consignments to our customers. We also believe it is essential for our Company to focus on increasing the brand visibility for our existing and new products as well as increasing the sales, marketing and distribution network to successfully commercialize and compete with other brands to increase the market share of our products. We believe this will enhance our market recognition in terms of quality and reputation of its products in the medical community

#### ***Setup industrial showrooms***

We intend to set up 5 large scale industrial showrooms to promote our entire range of products to our customers. Setting up industrial showrooms will enable us to display our entire product portfolio, expand our reach, and help us position our brand so as to serve additional customers in existing and new geographies. Our Company believes that this concept of industrial showrooms will increase the presence and space dedicated to our brands and will also enhance their brand image. These industrial showrooms will display our Company's product lines and applications in major cities of India including Delhi, Kolkata, Chennai, Bangalore and Hyderabad. Further, we believe it will also increase the brand visibility for our existing and new products and help us compete with our competitors to increase the market share of our products.

#### ***Capitalise on our existing distribution network and introduce globally launched products in India***

We also intend to capitalize on our existing distribution network to continue our cross-selling efforts in key products. In addition, we will continue to introduce globally launched products in the Indian market. We already have a wide array of products which are sold under our established brand Maxxx-Generation Next and going forward, we intend to introduce new globally launched products directed towards already existing markets, or try and tap new segments in the market. Our existing distribution network can be used to analyze the customers' requirements and offer him products that can satisfy his needs and convey the features/benefits of newly launched products to help him move to the new version or add-on.

#### ***Pursue and directly target institutional customers***

We foresee a huge growth potential in the out of home advertising segment as a result of general growth in consumption trends. Most of the companies' change their campaign in a short span of time, fuelling demand for flex by advertising agencies and corporations. In view of this we intend to enter into arrangements with



institutional customers such as out of home advertising agencies and multinational corporations to fulfil their requirements and build a customer base which will provide our Company with a recurring stream of revenue.

We intend to expand our existing business by directly targeting the institutional customers which provides ample opportunities. This strategy is targeted at partnering directly with institutional customers to provide them optimal media for their diversified needs.

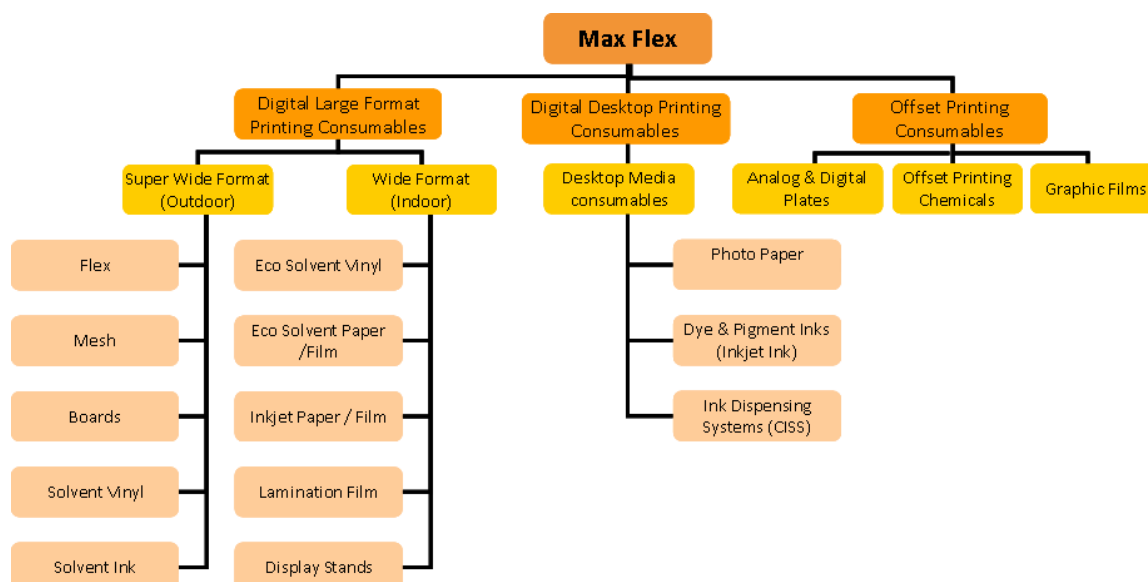
### Enhance recognition of the brand “Maxxx - Generation Next”

We intend to undertake a brand building exercise to further our aim of becoming a preferred solutions provider for the digital and offset printing consumables industry and believe that it will be critical to further expand our brand awareness. Towards this we intend to undertake various brand building activities for our products sold under the brand 'Maxxx – Generation Next' ranging from digital to offset printing consumables in the domestic market. These initiatives will enhance our brand recognition and aid in new product marketing and increase our appeal due to increased visibility. Further it will help us to boost our newly launched CISS product which will also entail marketing to the retail segment other than the institutional segment.

### Our Business

#### Product portfolio and Business Activities

The details of our product portfolio and business activities are as follows:



Our business is broadly classified in three business divisions Digital Large Format Printing Consumables, Digital Desktop Printing Consumables and Offset Printing Consumables based on the end - use applications:

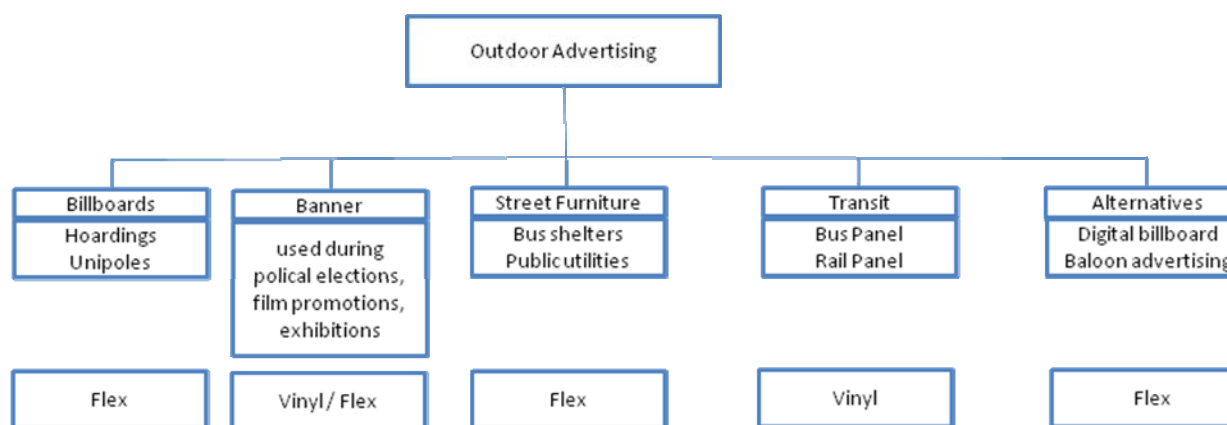
#### Digital Large Format Printing Consumables

In this business division we contract manufacture and market products which are used in digital large printing applications.

#### Digital Desktop Printing Consumables

Digital printers can be desktop printers or larger floor model printers used by businesses for large number of users or applications. It also allows for on demand printing, short turn around, and even a modification of the image (variable data) with each impression.

#### Applications of our products



The products in the SWF segment are primarily used in outdoor applications; we provide a wide spectrum of products / media including flex, mesh, boards, solvent inks and solvent vinyl.

The WF products are primarily used for indoor applications and consist of eco solvent vinyl, eco solvent paper, eco solvent films and laminated printing media. We also provide solutions relating to display of display stands.

Our Digital Printing Consumables products have various applications including billboards, banners, posters, exhibition and conferences, political banners and posters, religious posters and banners, point of purchase banners and posters.

There are various other applications which are normally not covered under the outdoor media are which include banners (which are used as political banners, religious banners), currently a very unorganised segment. Further flex and vinyl is also used during in exhibitions and conferences, film industry banners and strategically placed at the Point of Purchase (“**PoP**”) in shopping malls and markets.

Recently flex has found a new application, wherein flex is used to cover construction buildings and in the real estate industry.

In the Digital Desktop Printing Consumables segment we supply multipurpose inkjet paper of varied specifications, dyes and pigment inks and ‘Continuous Ink Supply Systems’ Some of our products in this division are sold as a complete solution wherein we provide the media for printing i.e. photo paper, ink, ink dispensing systems and related products.

However, there may be some interchange of underlying products across the various segments as the classification is based on their application by the end user.

**Offset Printing Consumables:** In this business division we contract manufacture and market products which are used in offset printing applications. Offset printing is a process used by virtually all large commercial printers. It is a widely used printing technique where the inked image is transferred (or “offset”) from a plate first to a rubber blanket, then to the printing surface. Our products under this category include analog and digital plates, offset printing chemicals and graphic films.

The primary advantages of offset printing include:

- Consistent high image quality sharper and cleaner than letterpress printing because the rubber blanket conforms to the texture of the printing surface
- Usability on a wide range of printing surfaces in addition to smooth paper (e.g., wood, cloth, metal, leather, rough paper)
- Quick and easy production of printing plates
- Longer plate life than on direct litho presses because there is no direct contact between the plate and the printing surface.

We have alliances with ODMs in China, Hong Kong and South Korea. Such ODMs extend an unmatched advantage of manufacturing on a large scale, a primary attribute of this business model is that the ODM designs the products specified by a third party owning the intellectual property for the brands viz. our Company. This model is especially used in international trade where an ODM produces goods for the foreign Company which

sees some advantage in the production such as better technology, economies of scale, relatively low capital expenditure and lower production costs.

Our Company, with its extensive experience, know-how, in-house market research and product development teams give detailed technical specifications to our ODMs and ensure consistent quality. Before shipment, all our media products undergo a rigorous testing and evaluation process to ensure optimum image quality, durability, finishing and product consistency.

Further, we intend to commence manufacturing of flex in India by setting up a manufacturing plant at Malegaon, Nashik with a proposed capacity of 40 lac sq. mtrs. per month. The project will be in association with Shanghai Lanquan Plastic Products Company Limited (“**Shanghai Lanquan**”), a Chinese ODM. Shanghai Lanquan will provide the required technical assistance/ expertise, giving our Company the requisite capability to manufacture flex according to our customers’ specific needs with greater precision.

Our Subsidiary is an ISO 9001: 2000 approved company which offers professional quality products. We intend to go for the Foundation of German Society for promotion of Research in Graphics Art Industry (“**FOGRA**”) certification for our wide range of press room chemicals for our manufacturing unit at Badlapur.

### **ODMs**

As on date of the Draft Red Herring Prospectus, our Company has contract manufacturing agreements with the contracts with the following ODMs:

1. Advanced Ink Technology Company Limited, South Korea
2. Guangzhou Xusen Coat Materials Company Limited, China
3. Hong Kong Chun Cheong Indl. Limited, Hong Kong
4. Ningbo Yuanyuan Company Limited, China
5. Shanghai Lanquan Plastic Products Company Limited, China
6. K&D (Shanghai) Industrial and Trading Company Limited, China
7. The Second Film Factory of Luck Group, China.

### ***Introduction of globally launched products in India***

As part our initiative to introduce new products in the Indian market which have been developed and are either prevalent or under implementation in the global markets, we have our in-house market research team. This team is directly under the supervision of senior management. The primary responsibility of the team is to keep abreast with the leading global technologies and products. They analyze feasibility of the new products in terms of market acceptability in India, physical attributes of the products, their suitability in the Indian conditions and their financial feasibility.

The flowchart below shows the process involved in introduction of new global products in India.



1. *Track new global launches* – Our in-house market research team tracks global launches of new products in the well developed global printing consumables markets, they visit global exhibitions and keep themselves abreast about the new technologies which can be helpful to us. The objective of this team is to tap new products / technologies with an intention of launching customized products in India.
2. *Identify / select a product* – The team then identifies / selects products which they feel might prima facie suit the requirements of our customers with or without certain modification to the existing product.
3. *Market Research* - Our marketing team, once notified by the market research department, run the concept of the desired product across our key customers and conduct a survey to understand the demand of the desired product and determine the limitations of any similar products, if available in the market. The marketing team submit their feedback back to the market research and product development, with their findings about, expected acceptability, expected consumption volume, acceptable price structure, amalgamated list of desired features and information of any similar product available in the market.
4. *Product Development* - Our product development department, upon receiving the market research report from the marketing team, evaluates the same and if found feasible, identifies the areas in which the specification of the products can be customized to suit market requirements and customers' needs. Subsequent thereto, detailed technical specifications are then sent to the ODM.
5. *ODM Involvement* - the ODM evaluates the technical specifications received from our product development department and if the specifications are achievable, the manufacturing of the samples is started on a pilot basis. However, in case the ODM needs more detailed information, requires changes in the specifications or has some further suggestions the same is communicated back to the product development department, which in turn again initiates the technology development process till the product development department and the ODM reach a consensus.
6. *Quality Control and Testing* - Once the sample product is ready, our product development department and the ODM work together to ensure that the quality of the product is as desired and to set the testing procedures. The products are then tested by our ODM to ensure that the end result meets the highest quality specifications. Once this is ensured, the samples are sent to our product development department for further testing

7. *Production Testing* - Once our product development department receives the product samples; it is tested in-house and sent across to our key customers for their feedback. If the feedback is satisfactory, a nationwide launch of the newly designed product is planned.
8. *Launch of Newly Designed Product* – Upon completion of testing, our product development department educates our sales team about the new product. Our sales team then reaches out to our existing customers and educates them about the new product offering.

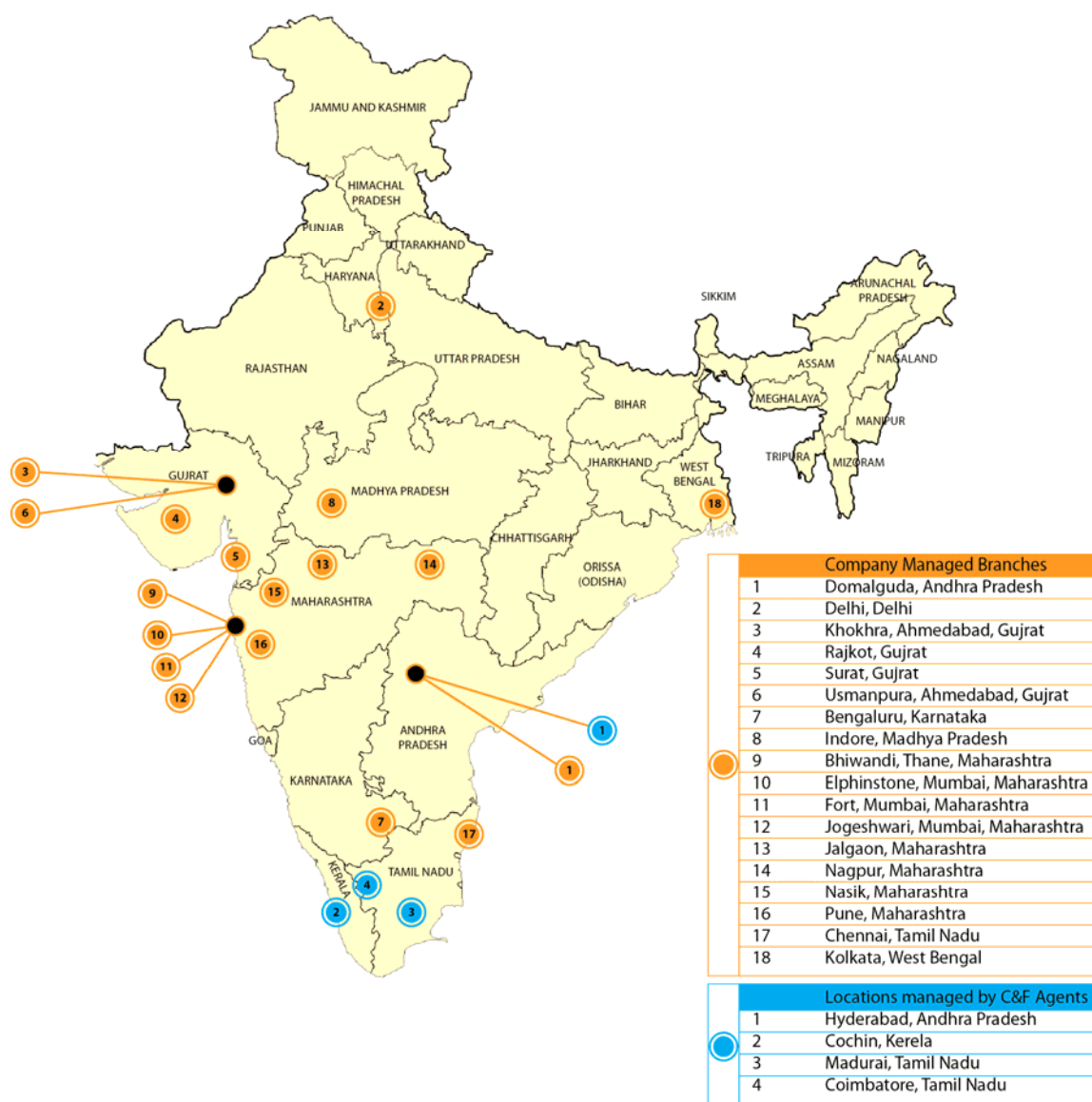
### **Marketing, Sales and Distribution Network**

Over the years, our Company has invested in building and setting up an extensive sales, warehouse and distribution network throughout India, particularly in the Western and Southern regions. As a result of our network of our offices and warehouses we are able to sell directly to customers and to a large extent eliminate third party dealers which help us in improving our margins. We believe that this network has significant value, especially as it continues to build brand recognition and aids in new product marketing to digital and offset printing consumable clients. We believe that this network also gives us an advantage over our competitors, as we are one of the few printing consumable suppliers in India capable of handling a diverse and extensive product line that can be delivered to customers on a just-in-time, 24x7 basis.

In addition to our registered office in Mumbai, we have 17 branches across India all of which are company managed and carry and forward agents at 4 locations. All of these locations have adequate warehousing facilities to provide service to our customers on a real time basis. The locations identified as “C&F Agent” are independent carriage and forwarding agents that warehouse our Company’s inventory and ship it to customers as and when directed by our Company.

The primary responsibility of our personnel at the branch offices is to expand our client base and achieve customer satisfaction by providing good quality and prompt service. Our branch office personnel continuously attempt to expand our customer base, by approaching new customers.

The details of our selling and distribution network along with the warehouse capacity at each location are as shown below:



Sr. No.	Branch Location	State
<b>Company Managed Branches</b>		
1.	Domalguda	Andhra Pradesh
2.	Delhi	Delhi
3.	Khokhra - Ahmedabad	Gujarat
4.	Rajkot	Gujarat
5.	Surat	Gujarat
6.	Usmanpura - Ahmedabad	Gujarat
7.	Bengaluru	Karnataka
8.	Indore	Madhya Pradesh
9.	Bhiwandi, Thane *	Maharashtra
10.	Elphinstone, Mumbai #	Maharashtra
11.	Fort, Mumbai	Maharashtra
12.	Jogeshwari, Mumbai	Maharashtra
13.	Jalgaon	Maharashtra
14.	Nagpur	Maharashtra
15.	Nasik	Maharashtra
16.	Pune	Maharashtra
17.	Chennai	Tamil Nadu
18.	Kolkata	West Bengal

C&F Agents		
1.	Hyderabad	Andhra Pradesh
2.	Cochin	Kerala
3.	Madurai	Tamil Nadu
4.	Coimbatore	Tamil Nadu

\*warehouse

# Head Office

Additionally, as part of our sustained marketing exercise, we intend to consolidate our flagship brand “MAXXX – Generation Next” and undertake a brand building exercise to further our aim of becoming a preferred solutions provider for the printing consumables industry. Our brand building exercise, towards which we also intend to utilize part of the Net Proceeds, will be concentrated on making our brand identifiable with products preferred by players in the printing consumables industry.

## OUR PRODUCTS

### Super Wide Digital Printing Consumables

SWF digital printers offer high quality printing solutions for indoor and outdoor applications. Applications include point-of-purchase displays, outdoor banners, political signage, vehicle and building wraps, billboards and other applications using a wide assortment of media. Super Wide Media includes flex media such as vinyl, adhesive vinyl, canvas, paper, backlit materials and mesh, as well as board stock such as sunboard sheets and PVC foam board.

#### *Flex*

Flex is made of top quality PVC granules and fabric raw material, especially designed for solvent printing industry. Flex prints are efficient, low-cost and durable substitutes of hand painted hoarding and hand written banners. Flex has dense surface, because of which the print quality is superior and ideal for photographic images. Flex gives a shiny, smooth and glossy finish to the designs, lasts longer as compared to other materials, is economical and the colours of designs prepared on flex remain vibrant & luminous for a longer duration

Types of Flex –

- Frontlit flex - Frontlit flex is used in the type of signage wherein light is cast onto the front face of the flex.
- Backlit flex – It is a unique translucent flexible material for creating backlit displays and is used in that signage wherein the light is cast from the back of the flex.
- Block out flex – Unique opaque flex sign material developed by our Company for both side printing. It's special PVC coating on both sides of polyester scrim optimizes Ink adhesion and color reproduction for long lasting prints
- Blackback flex - A type of frontlit flex and with a black back to block the penetration of light from the background

Applications for flex are *inter alia*:

- Hoardings;
- Unipoles;
- Bus Shelters; and
- Public utilities

#### *Solvent Canvas Banner*

It is a non-reflective, high quality indoor banner that is easily removable. Due to their non-reflective surface, canvas banners are highly suited for use with stage and camera lighting. Canvas banners are also environmental friendly with a special acrylic coating that optimizes ink adhesion and color reproduction for vibrant images that both look and feel like original Art. Solvent canvas banner are coated in acrylic that does not crack even in cold environments, made from stretchable fabric that are suitable for framing and is non- reflective and surface treated for improved color saturation. Applications of canvas banner are:

- General indoor displays;



- Fine art prints; and
- Product promotions at press conference.

#### *Solvent Cloth Banner*

“Solvent cloth banner” fabric is a polyester woven cloth with a coating especially designed to give better performance with eco-solvent and solvent inks. It has a superior print quality, high scratch resistance and very good outdoor durability, which make this material an ideal choice for textile application. The weave is outright but slightly transparent for illuminated applications. Advantages of solvent cloth banner fabric are that it is washable in most applications and can be ironed with warm iron without curling.

#### *Mesh Banner*

Mesh banners are ideal for large outdoor signs since they let wind go directly through the sign but still allow for high image quality. Mesh banners are strong and lightweight and are best suited for outdoor applications. Mesh media marketed by our Company is easy to handle yet strong in order to withstand the harshest weather conditions and is available in hard tube packing for increased durability. Mesh banners are available with liner, so when printed with solvent inks, the image lasts for years.

Applications for mesh banner are:

- Scaffolding banners;
- Retail window displays; and
- Construction site hoardings and building wraps.

#### *Solvent Vinyl*

##### *One Way Vision*

“One way vision” is a material similar to mesh banner and is a unique material which allows the inside viewers to be able to see through to the outside, but restrict the visibility of others to look in. It is easily usable on vehicles for advertisement. One way vision has a sift PVC film 180 micron with a hole diameter of 1.6 mm and is ceramic white with white coated paper of 180 GSM. One way vision is ideal for:

- Window graphic medium for point-of-purchase signages;
- Outdoor advertising and vehicle windows decors including buses, trains, taxis, ATMs, etc.; and

##### *White Reflective Vinyl*

“White Reflective Vinyl” is a special un-tearable film printable on all eco-solvent & solvent printers. It is a new type of product compounded of micro-prism reflective material, white glue and release paper. It enhances the visibility of the billboard during night and can keep advertising billboards from fading for a long time. White Reflective Vinyl are primarily used in inroad signs and sign posts.

#### *Boards*

##### *PVC Foam Board*

Our Company sells a variety of board stock (a more rigid signage media) such as sunboards and foam boards. Our PVC foam boards are chemically foamed, rigid, light weight extruded sheet with fine & homogenous closed cells structure having smooth matt surface finish on both sides. These boards are available in different sizes, colours and thicknesses and are used widely in advertising to deliver excellent prints. Various product extensions include sunboard sheets, PVC foam board and Gold PVC foam board. Applications of our PVC Foam Boards are:

- Advertising signs & displays;
- Exhibition stands;
- Point of sale; and
- Photo mounting, Embossing & Engraving.

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### ***Solvent and Eco Solvent Inks***

Our solvent and eco solvent inks are high quality and reliable inks, producing outstanding results on any digital media. Solvent inks undergo extensive test of flash point surface tension, viscosity, particle size, drying rate, color strength, shade and gloss.

### ***Wide Format Digital Printing Consumables***

#### ***Eco Solvent Vinyl***

Whenever there is possibility of human interface eco solvent ink is used for printing, it is used on eco solvent vinyl. It is primarily used for indoor applications, though it may be also used in outdoor applications.

#### ***Inkjet Media***

Our Company has developed high quality inkjet solutions that cater to the desktop and wide format inkjet media segment for both indoor and outdoor displays. These are available in different GSMs to suit varied requirements. Inkjet media of our Company provides good poster printing quality and is suitable for dye and pigment based inks.

Our Company has a wide range of inkjet media:

- PP Paper Matt;
- PP Paper Glossy;
- PP Paper Matt Adhesive;
- PVC Inkjet Adhesive;
- PP Glossy Adhesive;
- Backlit Film Reverse;
- Professional Glossy Poly Poster Adhesive;
- Rigid PVC;
- Clear Adhesive;
- Polypropylene Film Matt Adhesive;
- Backlit Film Front Print;
- PP Glossy Adhesive;
- Satin Paper 240 Instant Dry;
- RC Glossy Paper 230;
- Cloth Banner Matte;
- Art Canvas 360 Premium; and
- Silk Fabric Glossy.

#### ***Lamination film***

Our PVC lamination films are designed to work through roll feed laminators at room temperature using only the roller pressure to bond to the digital print surface. Each film has strong, solvent acrylic adhesives so it can be used for both indoor and outdoor applications. Finishes include dull matt, satin matt and gloss. Following are the different types of lamination films marketed by our Company:

- Glossy Laminate;
- Dull Matt Laminate;
- Satin Laminate;
- Floor Lamination Film;
- UV Matt Lamination Film;
- Mounting Film; and
- Cold Lamination for photo market.

#### ***Display stands***

Our Company offers complete services including advise, design and production of the customers' exhibition, and display systems with an understanding of the needs of our clients.

Various factors have to be considered like space, location of the stand, its size, its design, which drastically changes the underlying message to be sent across through the display system.

There are different display devices including roll-up, L-banner, X-banner. Attracting attention is the most prominent characteristic of the roll – ups and other banners. They stand out because of their height and better visibility. Banners such as roll up are mainly made for indoor use and are primarily used in exhibitions, malls, shops, shopping centers. The following are the display system marketed by our Company:

- Roll up Banners;
- Classic Black Roll Up With Beam Lights;
- Banner Stand;
- L – Banner Stands;
- X – Banner Stands;
- Pop – Up Display Stand;
- Mini Roll Up Banner Stand;
- Mini X – Banner Stand;
- Brochure Stands;
- Snap Frames – Versatile Front Loading Poster Frames;
- Free Standing Floor Sign Stands;
- Promotion Counters;
- Flags and Flying Banners;
- A Frame – Color Bond Graphics Double Side;
- Concept Kits – Curved Graphic Walls;
- Xeno Outdoors;
- Slim Led Light Box;
- Ceiling Scrolling Banner – Electric Hanging; and
- Exhibition Solutions.

### **Digital Desktop Printing Consumables:**

#### *Photo Paper*

Our Company offers a variety of photographic inkjet papers for every purpose. Inkjet papers are ideally suited for high quality photographic and fine art reproductions meeting the needs of the professional photographers and artists. Our inkjet papers have a microporous coating technology, with two layers of resin coated base that provide water proof photo graphic prints with professional image quality and instant dry property. Photo paper is ideally suited for passport, ID, A4, A3, making it perfect for postcard print, studio & professional prints, etc.

Our Company offers a wide range of desktop inkjet media in different GSMs:

- Royal high glossy photo paper;
- Premium high glossy photo paper;
- RC Satin Glitter photo paper;
- Royal self adhesive high glossy photo papers;
- Royal dual side matt coated paper;
- Supreme RC Silk Photo Paper;
- Dual Side High Glossy;
- CD Glossy Sticker labels;
- Multipurpose Paper;
- Multipurpose Matt Inkjet Paper;
- Self Adhesive High Glossy Photo Paper;
- CD Label Glossy Photo Quality;

- Business Card Glossy Photo Quality;
- Everyday Copier Paper;
- Brilliant colour copy paper; and
- Fluorescent and colour art paper.

#### *Dye and Pigment Inks and Ink Supply Systems*

Desktop inkjet printers as used by photo labs, commercial photographers, small and medium photo stores, offices or at home; Desktop inkjet printers tend to use aqueous inks based on a mixture of water, glycol and dyes or pigments. Dye and pigment inks remain the most accepted type of inks used. Water based inks can print finer, smoother details through higher print head resolution and many consumer inkjet printers with photographic quality are widely available. Dye – based inks are usually least expensive and are subject to rapid fading when exposed to light. Pigment – based aqueous inks are more costly but provide much long term durability and ultra violet resistance. Inks marked as archival quality are usually pigment – based. Our Company markets desktop inkjet inks under its own brand, which is contract manufactured from South Korea.

#### *Continuous Ink Supply System (“CISS”)*



A CISS is a bulk ink feed system, ensuring continuous flow of ink to the printers with zero down time for change / refilling of ink cartridge. It is a cost effective replacement for inkjet printer cartridges. In contrast to the OEM cartridges CISS uses a very large (about 100 ml, 250 ml and 500ml) color ink tanks which are connected with tubes to the printer head nozzles. These tanks can be refilled from an ink bottle or a syringe. These options have allowed users to produce speciality prints at an economic price.

Advantages of our CISS:

- Ensures continuous supply of ink;
- It is easily refillable;
- It ensures zero down time for printers;
- Very cost effective.

#### **Offset Printing Consumables**

**Offset Printing Consumables:** In this business division we contract manufacture and market products which are used in offset printing applications. Offset printing is a widely used printing technique where the inked image is transferred (or “offset”) from a plate first to a rubber blanket, then to the printing surface. Our products under this category include analog and digital plates, offset printing chemicals and printing surface media i.e. graphic films.

A few of its common applications include newspapers, magazines, brochures, stationery and books. Many offset presses use Computer to plate systems as opposed to computer to film workflows which further increase their

quality. Offset printing provides consistent high image quality and quick and easy production of printing plates.

### *Analog and Digital Plates*

#### Green PS Plate

Green series positive pre-sensitized plates offer rich tone reproduction, quick ink-water balance, wide latitude and excellent reliability.

#### Blue PS Plate

This product is a high Resolution PS Plate and is compatible to CTCP technology. Max Blue PS plates have fine dot with sharp edges and reproduce images with rich tone.

#### Red Thermal Plates - CTP Plate

Computer to plate is a relatively new technology that allows the imaging of metal plates without the use of the film thereby eliminating the stripping, compositing and traditional plate making process. Use of CTP technology has led to reduction in prepress time, low cost of labor and improved print quality.

#### Digital Violet - CTP Plate

CTP system can be used depending on the need of the printing job either thermal CTP or violet CTP though both systems are effective. It is one of our recently launched products in the newspaper segment.

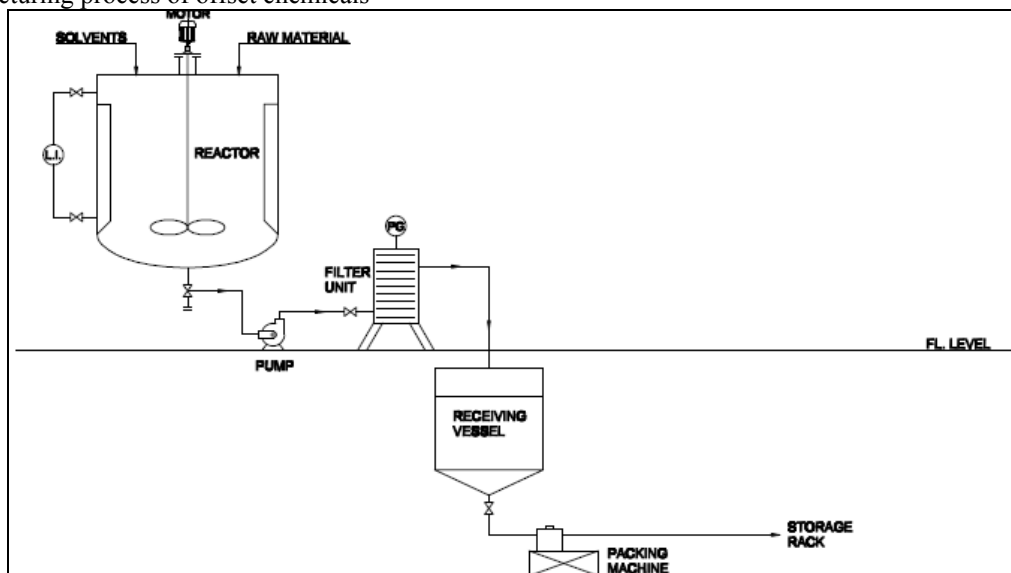
#### Offset Printing Chemicals

Our chemical plant situated at Badlapur, Maharashtra specializes in chemicals for pre-press, press room and plate-room for the Printing Industry. All chemicals are formulated, developed and processed in-house by our own team with our own formulations.

### **MANUFACTURING PROCESSES OF OFFSET CHEMICALS**

#### **Offset Chemicals**

Manufacturing process of offset chemicals



The new unit consists of a series of vertical, cylindrical mixing vessels complete with jacket and motors, along with individual filtration unit and the receiving vessel. The finished product is made to flow through a pipe to the ground floor onto weigh metric liquid fillers for the automatic filling of 1 liter, 5 liters, 10 liters and 200 liters containers.

The unit also consists of a quality control lab for quality control checks of raw materials and finished products and also a research and development lab for developing new products. It has a Pilot plant for trial production of

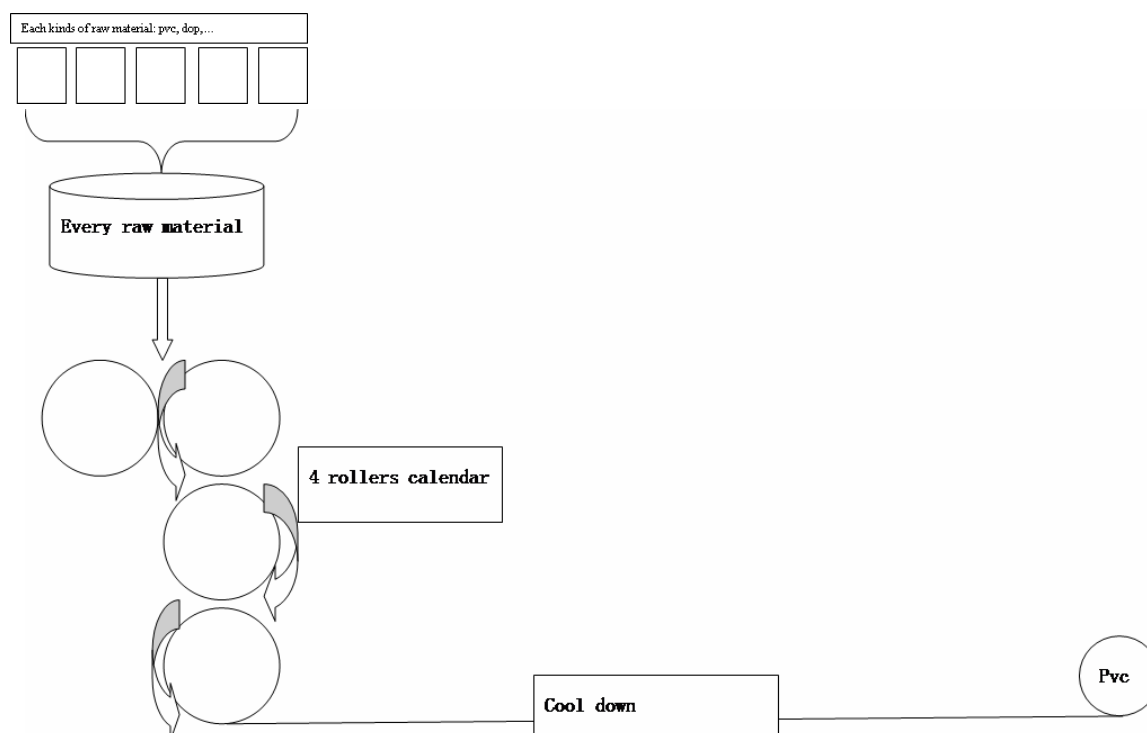
various products for contract manufacturing. It utilises a common effluent treatment plant for disposal of wastes, as part of the company philosophy of causing minimum damage to the ecology and protecting the environment.

## MANUFACTURING PROCESSES OF FLEX

### Stage 1: PVC film

Key raw materials for manufacturing PVC film include: Polyester Fabric, Polyvinylchloride Granules, Dioctyl Phthalate, Calcium Carbonate, Epoxidized Soyabean Oil, Stabilizer, Titanium Oxide, Colors and Brightener.

#### Flow Chart



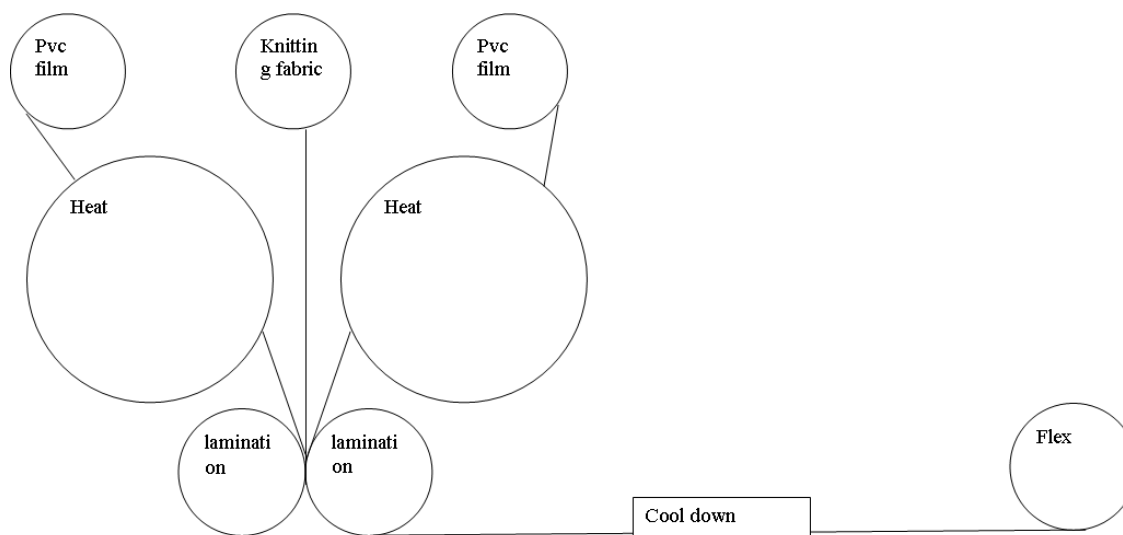
#### Description

The various raw materials are mixed in a mixer in different compositions, based on the width and quality requirement of PVC flex. The resultant paste, which is viscous in nature, is then passed through pre-heated rollers to form the film. The rollers are heated at a temperature of 180<sup>0</sup> C. The heated film then goes through cooled cylinders to bring its temperature down to room temperature.

### Stage 2: Lamination

PVC flex is made in various grammages including 230, 260, 280, 300, 320 and 340, with flex of 280, 300 and 320 being most widely used GSM for PVC flex. Key raw materials for manufacturing flex include knitted fabric and PVC film, in the ratio of 15:85 respectively.

#### Flow Chart



Depending on the requirement for various GSM of PVC flex, PVC film of various densities, along with knitted fabric is passed through a lamination machine, which consists of pre-heated rollers. The heated flex then goes through chilled cylinders to bring their temperature down to room temperature. This process is known as heat lamination, where the lamination takes place through heat, instead of adhesives.

### **Stage 3: Cutting & Slitting**

The resultant flex is then passed through cutting and slitting machine, to get different sizes of rolls, based on requirements. The roll size for flex varies from 3ft to 10 ft.

### **Present manufacturing facilities**

Our manufacturing activity is presently carried on through the manufacturing unit of our Subsidiary, Amprochem Private Limited, located at A - 11, MIDC Badlapur Industrial Area, Badlapur (East), Thane, Maharashtra. This unit manufactures pre – press and press room chemicals and has manufacturing capacities of 2,50,000 liters per month.

For details of manufacturing units proposed to be set up from Issue proceeds, please see the section titled “*Objects of the Issue*” on page 69 of the Draft Red Herring Prospectus.

### **Support requirements for manufacturing activities**

We source power, required at our units from the local electricity board. We arrange for the supply of fuel and chemicals from various organizations, on a need basis. We source water from the local corporation for our manufacturing unit at Badlapur, Maharashtra.

Our Subsidiary has an offset chemical manufacturing plant. Its past years capacity utilization is as follows:

Particulars		Fiscal 2008	Fiscal 2009	Fiscal 2010
<b>Chemicals</b>				
Annual capacity	liters	1,200,000	1,200,000	1,200,000
Production	liters	866,019	980,671	1,052,604
Annual capacity utilisation	%	72%	82%	88%

Our proposed future capacity utilization is as follows:

Particulars		Fiscal 2011	Fiscal 2012	Fiscal 2013
<b>Chemical</b>				
Annual capacity	Liters (in mn.)	3.30	3.30	3.30
Production	Liters (in mn.)	1.26	2.64	2.81
Annual capacity utilization	%	38%	80%	85%



<b>Flex</b>				
Annual capacity	sqm. (in mn.)	-	48.00	48.00
Production	sqm. (in mn.)	-	-	40.08
Annual capacity utilization	%	-	-	85%
<b>Inks</b>				
Annual capacity	litres (in mn.)	-	0.48	0.48
Production	litres (in mn.)	-	0.09	0.10
Annual capacity utilization	%	-	19%	21%
<b>PP rigid sheets</b>				
Annual capacity	sqm. (in mn.)	-	3.51	3.51
Production	sqm. (in mn.)	-	0.53	2.99
Annual capacity utilization	%	-	15%	85%
<b>PP Hollow Sheets</b>				
Annual capacity	sqm. (in mn.)	-	3.51	3.51
Production	sqm. (in mn.)	-	0.53	2.99
Annual capacity utilization	%	-	15%	85%
<b>Lamination</b>				
Annual capacity	sqm. (in mn.)	-	99.02	99.02
Production	sqm. (in mn.)	-	9.90	59.41
Annual capacity utilization	%	-	10%	60%

## Property

The following table sets forth our significant freehold and leasehold properties as on the date of the Draft Red Herring Prospectus:

### I Freehold Properties

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferor	Name of the seller/transferor	Consideration (₹ in mn.)	Area (in square meters)	Particulars of the property/description	Usage
1.	Agreement for Sale dated March 22, 2001.  Order of the High Court of Judicature at Bombay dated March 28, 2008	Max Film Convertors (India) Limited	M/s. Prime Corporation	2.85	Premises admeasuring 65.50	Unit number 104, First floor, Prime Plaza, J.V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (West), Mumbai- 400 013, Maharashtra, India	Commercial
2.	Deed of Transfer dated November 27, 2007*  Deed of rectification dated December 01, 2007	Silver Digigraph Private Limited	Mr. Chandulal Bhanji Kubadia	6.30	Premises admeasuring 140.01	C.T.S. number 844 (Part), Mumbai Mahanagarpalika, Industrial Gala number 7, Ground floor, Building number 3, J.V. Patel Compound, Old Carrol Road, Balasaheb Mudhukar Marg, Elphinstone Road, Mumbai- 400 013, Maharashtra, India	Warehouse
3.	Agreement for	Silver Digigraph	M/s. Trimurti	6.30	Premises	C.T.S. number 844,	Warehouse

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferor	Name of the seller/transferor	Consideration (₹ in mn.)	Area (in square meters)	Particulars of the property/description	Usage
	Sale dated October 24, 2005	Private Limited	Toys		admeasuring 144.00	Unit number 4-B-2, Ground floor, Building number 1, Prime Plaza Premises Co-operative Society, Cadastral survey number 844, Elphinstone Road, Mumbai-400 013, Lower Parel division, Pandurang R. Madukar Marg, Maharashtra, India	
4.	Agreement for Sale dated April 30, 2008	Silver Digigraph Private Limited	M/s. Khanna Art Home	15.00	Premises admeasuring 255.4865.50	Gala number 2, Ground floor, Sadhana Industrial Estate, C.T.S number 471, Village-Oshiwara, Taluka-Andheri, Maharashtra, India	Commercial-cum-warehouse (750 square feet-commercial, 2,000 square feet-warehouse)
5.	Sale Deed dated February 14, 2007.  Order of the High Court of Judicature at Bombay dated March 28, 2008	Max Convertors Private Limited	M/s. Swastik Constructions	1.34	Premises admeasuring 413.60	R.C.C Godown number 14, Ground floor, Building number 'H', Maa Padmavati Complex, Mouje Val, Taluka-Bhiwandi, Thane Maharashtra, India	Warehouse
6.	Sale Deed dated May 02, 2006.  Order of the High Court of Judicature at Bombay dated March 28, 2008	Max Convertors Private Limited	M/s. Swastik Constructions	2.39	Premises admeasuring 741.46	Village: Val, Bhiwandi Survey number 35/4,5,6, 46/2,3,4,5,6, 47/4, 49/1 Part, 56/1, Maa Padmavati Complex, Building number 'H', Ground floor, Godown number 15 and 16, Thane, Maharashtra, India	Warehouse
7.	Sale Deed dated May 24, 2010	Max Flex & Imaging Systems Private Limited	Mr. Shankar S. Pawar	4.27	Premises admeasuring 557.62	Survey number 9/3, Mouza Ovali, Taluka Bhiwandi, Ground floor, Sagar Complex building number C-2, Godown number 13 and 14, District Thane, Maharashtra, India	Warehouse
8.	Agreement for Sale dated March 31, 2008	Silver Digigraph Private Limited	Mr. Mukeshbhai Sohanlal Bothra, Mr. Kishorkumar Bhungramal Soni and Mr. Hemant Baldevbhai Juneja	0.96	Premises admeasuring 213.21	Plot number 1, T.P. Scheme number 7, Final Plot number 19, Sub plot number D, Shreenath Estate, Village Mithipur, Ahmedabad, Gujarat,	Commercial-cum-warehouse (1,000 square feet-commercial, 1,295 square

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferor	Name of the seller/transferor	Consideration (₹ in mn.)	Area (in square meters)	Particulars of the property/description	Usage
						India	feet-warehouse)
9.	Agreement for Sale dated March 31, 2008	Silver Digigraph Private Limited	Shriji Corporation	0.50	Premises admeasuring 213.21	Plot number 2, T.P. Scheme number 7, Final Plot number 19, Sub plot number D, Shreenath Estate- 2, Village Mithipur, Ahmedabad, Gujarat, India	Commercial-cum-warehouse (1,000 square feet-commercial, 1,295 square feet-warehouse)
10.	Sale Deed dated March 06, 2007.  Order of the High Court of Judicature at Bombay dated March 28, 2008	Sterling Media Private Limited	Hidhaya Builders	4.50	Premises admeasuring 125.80	R.S. number 2606/2, Triplicane village, Patta number 333/2K3, bearing old Door number 7, New Door number 15, Bharathi Salai (Pycrofts Road), Triplicane, Chennai-600 005, Tamil Nadu, India	Commercial

*\*The date mentioned in the Deed of Transfer was corrected by a Deed of Rectification dated December 01, 2007. The date erroneously mentioned in the Deed of Transfer was thus changed from July 27, 2006 to November 27, 2007.*

Our Company, pursuant to the acquisition of the business of 3 partnership firms viz. M/s. Max Traders and M/s. Silver Graphics (Mr. Hitesh Jobalia and Ms. Dipti Jobalia were the partners in these firms) also acquired certain immovable properties. However, the deeds of conveyance required to be executed for the conveyance of titles of these properties to our Company have not been executed as on the date of the Draft Red Herring Prospectus. For further details in this regard, please see the sections titled “History and Other Corporate Matters” and “Capital Structure” on pages 157 and 55 of the Draft Red Herring Prospectus. Details to the properties as referred to herein are as under:

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferor	Name of the seller/transferor	Consideration (₹ in mn.)	Area (in square meters)	Particulars of the property/description	Usage
1.	Agreement for Sale dated September 01, 2007	M/s. Max Traders	Mr. Zakaullah Siddiqui	1.20	Premises admeasuring 7.90	Flat number 105-B, First Floor, Block-‘A’, Simla House Co-operative Housing Society Limited, Cadastral Survey numbers 442 to 444, Plot number 51B, Malabar and Cumballa Hill Division, Mumbai, Maharashtra, India	Vacant
2.	Agreement for Sale dated October 10, 2007  Partnership Takeover Agreement dated April 01, 2008	M/s. Max Traders	M/s. Ganpati Developers	0.61	Premises admeasuring 14.96	C.T.S. number 1308, Shop number 2, Sub-department- 6/135, Ground floor, Wing-B, City Survey number 1308, Kasba – Peth, Pune, Maharashtra, India	Commercial

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferor	Name of the seller/transferor	Consideration (₹ in mn.)	Area (in square meters)	Particulars of the property/description	Usage
3.	Agreement to Sell dated October 10, 2007  Partnership Takeover Agreement dated April 01, 2008	M/s. Max Traders	M/s. Ganpati Developers	0.89	Premises admeasuring 22.02	C.T.S. number 1308, Shop number 5, Sub-department- 6/135, Ground floor, Wing-B, City Survey number 1308, Kasba – Peth, Pune, Maharashtra, India	Commercial
4.	Agreement for Sale dated July 26, 2006  Partnership Takeover Agreement dated April 01, 2008	M/s. Max Traders	M/s. Shri Bhagwati Construction Company	2.79	Premises admeasuring 125.21	C.T.S. number 1308, Shop number 5,6,7 and 8, Sub-department- 5/135, Ground floor, Wing- C, Kasba – Peth, Pune, Maharashtra, India	Commercial-cum-warehouse (400 square feet-commercial, 951 square feet warehouse)
5.	Agreement for Sale dated July 16, 2004.  Partnership Takeover Agreement dated April 01, 2008	M/s. Silver Graphics	M/s. B & N Enterprise	3.18	Premises admeasuring 64.10	Unit number 103, First floor, Prime Plaza, J.V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (West), Mumbai- 400 013, Maharashtra, India	Commercial

## II Leasehold properties

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/license fee/rent (in ₹)	Tenure/Term	Existing usage
<b>ELPHINSTONE</b>							
1.	Lease Deed dated October 01, 2010 entered into between Mr. Nimesh Shah and Ms. Dipti Jobalia and Max Flex & Imaging Systems Limited	Lease	Unit number 101, First floor, Prime Plaza, J.V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (West), Mumbai- 400 013, Maharashtra, India	Premises admeasuring 45.52	Monthly license fee of ₹ 10,000.00	36 months with effect from October 01, 2010	Commercial
2.	Lease Deed dated October 01, 2010 entered into between Mr. Hitesh Jobalia and Max Flex & Imaging Systems Limited	Lease	Unit number 102, First floor, Prime Plaza, J.V. Patel Compound, Balasaheb Madhurkar Marg, Elphinstone (West), Mumbai- 400 013, Maharashtra, India	Premises admeasuring 65.50	Monthly license fee of ₹ 10,000.00	36 months with effect from October 01, 2010	Commercial
3.	Leave and License	License	Unit number 112,	Premises	Monthly license fee	36 months with	Commercial

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
	Agreement dated September 23, 2009 entered into between Mr. Chandulal Kubadia and Max Flex & Imaging Systems Private Limited		First Floor, Prime Plaza, J.V. Patel Compound, B.M. Marg, opposite Railway Station, Elphinstone (West), Mumbai-400 013, Maharashtra, India	admeasuring 90.58	of ₹ 30,000.00	effect from July 01, 2009	
<b>BHIWANDI</b>							
4.	Leave and License Agreement dated May 03, 2010 entered into between Ms. Priti Pankaj Doshi, Ms. Bina Rajendra Doshi, Ms. Sarika Mehul Doshi, Mr. Mehul Mahendrabhai Doshi (by power of attorney) and Max Flex & Imaging Systems Private Limited represented by its director Mr. Nimesh Shah	License	R.C.C. Godown unit number 20, 21, and 22, building number H, Maa Padmavati Complex, Val, Taluka Bhiwandi, District Thane, Maharashtra, within the limits of Val Grampanchayat, Talathi-Saja Purna, sub-registration District & Taluka Bhiwandi, and Registration District & District Thane, Maharashtra, India	Premises admeasuring 1,150.97	Monthly license fee of ₹ 74,334.00  There shall be an escalation at the rate of 50 paise at the end of every eleven months based on the last license fees paid  Deposit of ₹ 2,97,336.00	33 months with effect from May 01, 2010  Lock-in period of 1 year	Warehouse
5.	Leave and License Agreement dated December 21, 2009 entered into between Mr. Hasmukhbhai T. Gandhi karta of Hasmukhbhai T. Gandhi (H.U.F.) and Max Flex & Imaging Systems Private Limited through its director Mr. Nimesh Shah	License	Gala number H/23, Maa Padmavati Complex, Survey number 35, Hissa number 4, Val, Taluka Bhiwandi, District Thane, within the limits of Val Grampanchayat, Talathi-Saja Purna, sub-registration District and Taluka Bhiwandi, and Registration District and District Thane, Maharashtra, India	Premises admeasuring 395.95	Monthly license fee of ₹ 26,638.00  There will be a 10% increase after the completion of every 11 months  Deposit of ₹ 79,914.00	33 months with effect from December 15, 2009  With a minimum lock-in period of 11 months	Warehouse
6.	Leave and License Agreement dated December 21, 2009 entered into between Ms. Jayshree Atul Mehta and Max Flex & Imaging Systems Private Limited	License	Gala number H/24, Maa Padmavati Complex, Survey number 35, Hissa number 4, Val, Taluka Bhiwandi, District Thane, within the limits of Val Grampanchayat, Talathi-Saja Purna, sub-registration District and Taluka Bhiwandi, and Registration District and District Thane, Maharashtra, India	Premises admeasuring 395.95	Monthly license fee of ₹ 26,638.00  There will be a 10% increase after the completion of every 11 months  Deposit of ₹ 79,914.00	33 months with effect from December 15, 2009.  With a minimum lock-in period of 11 months	Warehouse

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
7.	Leave and License Agreement dated June 28, 2010 entered into between Mr. Ganesh Shankar Malik and Ms. Arti Ganesh Malik and Max Flex & Imaging Systems Private Limited	License	Building number "H", Godown number 25, Ground floor, Survey number 35, Hissa number 4, Maa Padmavati Complex, opposite Laxman Kanta, Village Val, Taluka Bhiwandi, District Thane, Mumbai, India	Premises admeasuring 303.79	Monthly license fee of ₹ 25,000.00  Deposit of ₹ 75,000.00  Maintenance fee of ₹ 3 per square feet per year	11 months effective from June 01, 2010  Lock-in of 9 months	Warehouse
<b>FORT</b>							
8.	Leave and License Agreement dated February 17, 2009 entered into between M/s Navin & Co. through it's proprietor Mr. Prashant Lakhani and Max Flex & Imaging Systems Private Limited through it's director Mr. Hitesh Jobalia	License	Shop number 91, Bora Bazaar Street, Fort, Mumbai- 400 001; the building constructed on the land bearing C.T.S. No. 1088 of Fort Division, Mumbai, Maharashtra, India	Premises admeasuring 18.58	Monthly license fee of ₹ 14,000.00  Deposit of ₹ 200,000.00	33 months with effect from January 01, 2009	Commercial -cum-warehouse (100 square feet-commercial, 100 square feet warehouse)
<b>PUNE</b>							
9.	Leave and License Agreement dated September 09, 2009 entered into between Mr. Rajendra Surajmal Chandedia and Max Flex & Imaging Systems Private Limited through it's branch manager Mr. Nilesh Suresh Thole	License	A godown on ground floor of the Bandhu Prem Building property number 362/1 (old property number 2503/5), survey number 166/1, Fursungi, Taluka Haveli, District Pune, Maharashtra, India	Premises admeasuring 102.19	Monthly license fee of ₹ 11,000.00  Deposit of ₹ 50,000.00	36 months with effect from September 01, 2009	Warehouse
10.	Leave and License Agreement dated July 30, 2010 entered into between Mr. Shankar Bajirao Tupe, Mr. Sanjeev Bajirao Tupe and Max Flex and Imaging Systems Private Limited	License	Survey number 166/1/1/1, village-Fursungi, Taluka Haveli, District Pune, Maharashtra, India	Premises admeasuring 141.49	Monthly license fee of ₹ 11,000.00  Deposit of ₹ 33,000.00	36 months with effect from August 01, 2010	Warehouse
11.	Leave and License Agreement dated July 03, 2009 entered into between Shri Bhagwati Construction Company through it's partner Mr. Sushil Ratanlal	License	Shop number 9, ground floor, 'C' wing, Agarwal Pride Building, Survey number 1308, Kasba Peth, Pune, Maharashtra, India	Premises admeasuring 34.84	Monthly license fee of ₹ 9,000.00  Deposit of ₹ 50,000.00	33 months with effect from July 01, 2009	Warehouse

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
	Agarwal and Max Flex & Imaging Systems Private Limited through its branch manager Mr. Nilesh Suresh Thole						
12.	Leave and License Agreement dated April 28, 2010 entered into between Shri Bhagwati Construction Company through its partner Mr. Sushil Ratanlal Agarwal and Max Flex & Imaging Systems Private Limited through its branch manager Mr. Nilesh Suresh Thole	License	Shop number 10, ground floor, 'C' wing, Agarwal Pride Building, Survey number 1308 situated at Kasba Peth, Pune, Maharashtra, India	Premises admeasuring 32.61	Monthly license fee of ₹ 9,000.00  Deposit of ₹ 50,000.00	33 months with effect from October 25, 2009.	Warehouse
13.	Agreement for Leave and License dated June 16, 2010 entered into between Shri Bhagwati Construction Company through its partner Mr. Sushil Ratanlal Agarwal and Max Flex & Imaging Systems Private Limited	License	Shop number 11, ground floor, 'C' wing, Agarwal Pride, survey number 1308, Kasba Peth, Pune, Maharashtra, India	Premises admeasuring 37.16	Monthly license fee of ₹ 10,000.00  Deposit of ₹ 50,000.00	33 months with effect from June 01, 2010	Warehouse
<b>NASIK</b>							
14.	Leave and License Agreement dated July 01, 2010 entered into between Ambad Developers Company through Mr. J.R. Kaapse and M/s Max Flex & Imaging Systems Private Limited	License	Classic Arcade, Ground Floor, Gala number B-5 and 12, C-5, 6, 7 and 8 Nasik, Maharashtra, India	Premises admeasuring 140.28	Monthly license fee of ₹ 15,000.00  Deposit of ₹ 1,50,000.00	33 months with effect from July 01, 2010	Commercial -cum- warehouse (130 square feet-commercial, 1,380 square feet warehouse)
<b>JALGAON</b>							
15.	Lease Deed dated April 01, 2010 entered into between Mr. Deepak Bhagwandas Verma and Max Flex & Imaging Systems Private Limited	Lease	Shop number 57m/07, Khandesh Mill Complex, above Rekha Gas Agency, Jalgaon- 425 001, Maharashtra, India	Premises admeasuring 32.52	Monthly license fee of ₹ 2,500.00  Deposit of ₹ 25,000.00	11 months commencing from April 01, 2010	Commercial -cum- warehouse (25 square feet-commercial, 325 square feet-warehouse)



Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
<b>AHMEDABAD (USMANPURA)</b>							
16.	Lease Deed dated October 06, 2010 entered into between Ms. Semiben H. Patel and Max Flex & Imaging Systems Private Limited	Lease	Basement in Aditya building, 30 Ambica Society, behind NABARD Tower, Usmanpura, Ahmedabad-380013, Gujarat on the piece and parcel of land bearing sub plot number 2 of final plot number 77,78,79/1 to 5 of T.P. Scheme number 3 of Ahmedabad, Gujarat, India	Premises admeasuring 139.35	Monthly rent of ₹ 8,000.00  Deposit of ₹ 15,000.00	12 months with effect from September 01, 2010	Commercial
	Agreement for Maintenance dated September 19, 2009 entered into between Ms. Semiben H. Patel and Mr. Hitesh Jobalia	Maintenance			Monthly maintenance fee of ₹ 3,000.00		
17.	License Agreement dated April 01, 2010 entered into between Mr. Kantilal K. Patel Karta of Kantilal K. Patel- HUF and Silver Digigraph Private Limited	License	32, "HARIVILLA", Ground Floor, Ambica Society, Usmanpura, Ahmedabad-380 013, Gujarat, India	Premises admeasuring 125.42	Monthly license fee of ₹ 24,000.00  Advance license fee of ₹ 60,000.00  Thereafter the agreement may be extended with mutual understanding  Garage rent of ₹ 2,000.00 per month	11 months with effect from April 01, 2010	Commercial
<b>RAJKOT</b>							
18.	Rent Agreement dated August 10, 2010 entered into between Mr. Haribhai Naranbhai Jhalawadia and Max Flex Imaging & Systems Limited through Mr. Rohitbhai Amritlal Mehta	Rent	Ground and First floor, 11/28, Vijay Plot, Behind Municipal Hospital, next to Maruti Head, Old Imprint Press Building, Rajkot, Gujarat, India	Premises admeasuring 325.16	Monthly license fee of ₹ 20,000.00	11 months with effect from June 01, 2010	Commercial -cum-warehouse (350 square feet-commercial, 3,450 square feet-warehouse)
<b>SURAT</b>							
19.	Leave and License Agreement dated May 25, 2007 entered into between Mr. Jaideep Dekiwadia and M/s Max Convertors	License	Plot number 14, Ground Floor, Hari Ichchha Industrial Society, Opposite Umiyadham Mandir, A.K. Road, Surat, Gujarat, India	Premises admeasuring 139.35	Monthly license fee of ₹ 8,000.00  Deposit of ₹ 11,000.00	5 years with effect from May 25, 2007	Commercial -cum-warehouse (450 square feet-commercial, 1,050 square feet-

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
							warehouse)
<b>DELHI</b>							
20.	Lease Deed dated June 11, 2010 entered into between Mr. Sanjeev Bindal and Max Flex & Imaging Systems Private Limited	Lease	Ground floor of Industrial Property number 369, Functional Industrial Estate, Patparganj, Delhi-92, India	Premises admeasuring 315.87	Monthly lease money of ₹ 88,250.00  Deposit of ₹ 183,000.00	12 months with effect from January 01, 2010.	Commercial -cum-warehouse (300 square feet-commercial, 3,100 square feet-warehouse)
<b>NAGPUR</b>							
21.	Lease Deed dated April 07, 2009 entered into between Ms. K. Sampathkumari and Max Flex & Imaging Systems Private Limited	Lease	Godown situated on the first floor at Plot number 49, Ward No. 5, Kh. number 219-220-221/1, Adarsh Nagar, Mouza Wadi, Nagpur, Maharashtra, India	Premises admeasuring 371.61	Monthly license fee of ₹ 26,000.00 for the period April 01, 2009 to September 30, 2009  ₹ 27,300.00 for the period October 01, 2009 to March 31, 2010  ₹ 28,665.00 for the period April 01, 2010 to March 31, 2011  ₹ 30,100.00 for the period April 01, 2011 to March 31, 2012  Deposit of ₹ 78,000.00	3 years with effect from April 01, 2009	Commercial -cum-warehouse (200 square feet-commercial, 3,800 square feet-warehouse)
22.	Leave and License Agreement dated March 01, 2010 entered into between Ms. Rashmi Bhargava and Mr. Nimesh Shah, Mr. Rajendra Raman	License	Shop numbers 8 and 9, Ground floor, Ratan Apartments, Survey number 160/2, Sheet number 227, Municipal Corporation House number 172, Ward number 124, near Agyaram Devi Square, Khasra number 413/ 3, Nagpur Municipal Corporation, Nagpur, Maharashtra, India	Premises admeasuring 60.04	Monthly license fee of ₹ 8,000.00  Deposit of ₹ 30,000.00	11 months with effect from March 01, 2010	Commercial
23.	Leave and License Agreement dated April 01, 2010 entered into between Mr. Vikrant Bhargava and Max Flex & Imaging Systems Private Limited	License	Shop number 14, 15 and 16, Ground floor, Ratan Apartments, Survey number 160/2, Sheet number 277, Municipal Corporation House number 172, Ward number 124, near	Premises admeasuring 73.25	Monthly license fee of ₹ 9,000.00	11 months with effect from April 01, 2010	Warehouse

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
			Agyaram Devi Square, Khasra number 413, Nagpur Municipal Corporation, Nagpur, Maharashtra, India				
<b>INDORE</b>							
24.	Lease Deed dated November 02, 2010 entered into between Ms. Rukmani Agrawal and Max Flex & Imaging Systems Limited	Lease	Godown and office area, G.D. Compound-197/2, Patthar Mundla Road, Palda, Indore-452 020, Madhya Pradesh, India	Premises admeasuring 434.04	Monthly license fee of ₹ 26,000.00 Deposit of ₹ 52,000.00	07 months with effect from November 02, 2010.	Commercial -cum- warehouse (680 square feet-commercial, 3,992 square feet-warehouse)
<b>BENGALURU</b>							
25.	Lease Agreement dated August 20, 2010 entered into between Ms. B.G. Nalini and Max Flex & Imaging Systems Private Limited	Lease	Industrial Property number 152/36-4, that is, Industrial Shed inclusive of Office Room at Ground and First floor, store room and generator room with Corporation license at number 152/36-4, and 25 HP power, situated in the 3rd Main, Industrial Town, Rajajinagar Suburb, Bengaluru-560 044, Karnataka, India	Premises admeasuring 222.97	Monthly license fee of ₹ 46,200.00 along with applicable service tax Deposit of ₹ 420,000.00	11 months with effect from August 20, 2010	Commercial -cum- warehouse (600 square feet-commercial, 1,800 square feet-warehouse)
<b>KERALA</b>							
26.	Lease Agreement dated July 06, 2010 entered into between Mr. V. M. Fazaluddin and Max Flex & Imaging Systems Private Limited	Lease	264E, 264D and 264F of Ward number II, Choornikkara Grama Panchayat, Re-survey number 57/8/4 block number 34, Aluva West village, Ernakulam, Kerala, India	Premises admeasuring 405	Monthly license fee of ₹ 25,000.00 Deposit of ₹ 150,000.00	11 months with effect from June 18, 2010	Warehouse
<b>CHENNAI</b>							
27.	Lease Agreement dated March 01, 2009 entered into between Ms. N. Anusha and Max Flex & Imaging Systems Private Limited through our Director Mr. Nimesh Shah  Letter dated October 25, 2010 has been issued to	Lease	Door old number 60/2 New number 61/2, Vaidyanathan Street, Tondiarpet, Chennai-600 081, Tamil Nadu, India	Premises admeasuring 603.87	Monthly license fee of ₹ 65,000.00 Deposit of ₹ 390,000.00	22 months with effect from January 14, 2012	Warehouse

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
	extend the lease agreement						
28.	Rental Agreement dated September 01, 2010 entered into between Mr. R. Mohan Kumar and Max Flex and Imaging Systems Private Limited	Lease	Ground and first floor of 175, Big Street, Triplicane, Chennai-600 005, Tamil Nadu, India	Premises admeasuring 520.26	Monthly license fee of ₹ 100,000.00 Deposit of ₹ 1,000,000.00	3 years with effect from September 01, 2010	Commercial -cum- warehouse (2,800 square feet-commercial, 2,800 square feet-warehouse)
<b>KOLKATA</b>							
29.	Deed of Lease dated June 07, 2010 entered into between Mr. Shyamal Bhattacharjee and Max Flex & Imaging Systems Private Limited represented by its Managing director Mr. Hitesh Jobalia	Lease	Purba Barisha, J.L. number 23, R.S. number 43, Khatian number 1780, R.S. Dag number 142, within the limits of the Kolkata Municipal Corporation under ward number 123 being Premises number 152, Santosh Roy Road, Kolkata-700 008, West Bengal, India	148.64 square meters of each first, second and third floor and 111.48 square meters of ground floor totalling to 557.42 square meters	Monthly license fee of ₹ 45,000.00 After every five (5) years the rent will be enhanced at the rate of 5% per month Deposit of ₹ 100,000.00	25 years with effect from June 07, 2010	Commercial -cum- warehouse (1,800 square feet-commercial, 4,700 square feet-warehouse)
30.	Tenancy Agreement dated November 21, 2007 entered into between Mr. Sudhanshu Kumar Das and M/s. Sterling Media Private Limited	Tenancy	Ground Floor, premises number 127C/6, James Long Sarani, Kolkata- 700 008, Kolkata Municipal Corporation, Kolkata, West Bengal, India	Premises admeasuring 92.90	Monthly license fee of ₹ 4,000.00 Monthly maintenance fee of ₹ 6,000.00 Deposit of ₹ 100,000.00	3 years with effect from December 01, 2007	Warehouse
31.	Tenancy Agreement dated January 01, 2010 entered into between Ms. Bijaya Chowdhury and Max Flex & Imaging Systems Private Limited	Tenancy	Ground floor, 34/A, Santosh Roy Road, Kolkata, West Bengal, India	Premises admeasuring 148.64	Monthly license fee of ₹ 10,000.00 Deposit of ₹ 10,000.00	1 year with effect from January, 2010	Warehouse
<b>HYDERABAD</b>							
32.	Deed of Lease dated October 08, 2009 entered into between Ms. Soma Swarajyam and Max Flex & Imaging Systems Private Limited represented by Mr. Nimesh Shah	Lease	Office/Godown, ground floor, Plot number-1-2-54/3/1, Domalguda, Hyderabad-29, Andhra Pradesh, India	Premises admeasuring 102.19	Monthly license fee of ₹ 6,500.00 Deposit of ₹ 50,000.00	2 years with effect from October 08, 2009.	Commercial -cum- warehouse (300 square feet-commercial, 800 square feet-warehouse)

Sr. No.	Details of Deed/Agreement	Nature of right granted	Particulars of the property, Description and Area	Area (in square meters)	Consideration/lease fee/rent (in ₹)	Tenure/Term	Existing usage
	Deed of Lease dated October 08, 2009 entered into between Mr. Soma SriRamula Gupta and Max Flex & Imaging Systems Private Limited represented by Mr. Nimesh Shah				Monthly license fee of ₹ 8,500.00		

The following are the properties which will be utilised for the Objects of the Issue, which are to be purchased by our Subsidiary, Amprochem Private Limited:

Sr. No.	Documents providing title and registration details	Name of the purchaser/transferee	Name of the seller/transferor	Consideration (in ₹)	Area (in square meters)	Particulars of the property/description	Usage
1.	Memorandum of Understanding dated September 30, 2010	Amprochem Private Limited	Rishabh Consumer Products Private Limited	Token amount of 5,000,000.00	Premises admeasuring 756.96	Plot number C-450/4, Pawane, MIDC, Trans Thane Creek Industrial Area, Thane, Navi Mumbai, Maharashtra, India	Commercial
2.	Memorandum of Understanding dated September 30, 2010	Amprochem Private Limited	Rishabh Consumer Products Private Limited	Token amount of 15,000,000.00	Premises admeasuring 63,312	Plot bearing Gat number 196 (Pt), Village- Varane, Taluka- Malegaon, District-Nasik, Maharashtra, India	Commercial

## Insurance

We maintain insurance against various risks inherent in our business activities, including property damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our equipment or stocks as also burglary insurance. Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise.

Further, the insurance policies in respect of certain of our plant and machinery, stocks and book debts have been endorsed in favour of the lending bank that has provided us finance.

Overall, we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business.

## Export Obligations

As on the date on the Draft Red Herring Prospectus our Company does not have any export obligations.

## Human Resources

Our Company's human resource policy revolves around commitment to create organization that nurtures talent. We provide our employees an open atmosphere with a continuous learning curve that recognizes meritorious performance.

The following is a department wise break-up of our employees as on October 31, 2010.

Sr. No.	Department	Number of employees
1.	Sales, Marketing and Logistics	138
2.	Accounts, Finance and Legal	59
3.	Procurement and Stores Department	18
4.	Technical	14
5.	Administration	36
6.	Senior Management	6
	<b>Total</b>	<b>271</b>

## Competition


We operate in a competitive environment. The printing consumables industry sees a variety of competitors ranging from large number of fragmented small players in niche segments to a few large, well established entities.

However, there are no Indian listed companies that operate in the same space as our Company.

The demands on companies operating in our sector are further enhanced by the lack of scale and technology available domestically. We believe that our ODMs and their facilities in China focus on customer satisfaction through in house technical team and our reliability combined with our quality consciousness provides us with competitive advantage in many of our products.

## Intellectual Property

Following table sets forth the details of the trademarks registered with the Trade Marks Registry Mumbai, under class 35 as defined under the IV Schedule of the Trademark Rules, 2002. The following trademarks are in the name of the Company:

Sr. No.	Trademark Registration Number	Trademark	Description of Goods/Services	Validity Period	
				From	To
1.	01643634		Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16	January 21, 2008	January 20, 2018
2.	01643635	MAX PREMIUM BLACK OUT FRONT LIT	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
3.	01643636	MAX WHITE REFLECTIVE VINYL	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
4.	01643637	MAX PIGMENT SERIES	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
5.	01643639	MAX INK	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018

Sr. No.	Trademark Registration Number	Trademark	Description of Goods/Services	Validity Period	
				From	To
6.	01643640	MAX INKJET MEDIA	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
7.	01643641	MAX PREMIUM INKJET MEDIA SERIES	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
8.	01643642	MAX PVC FOAM BOARD	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
9.	01643643	MAX COLD LAMINATION FILM	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
10.	01643644	MAX VINYL ECONOMIC GRAD	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
11.	01643645	MAX LAMINATION FILM	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
12.	01643646	MAX FRONTLIT FLEX	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
13.	01643647	MAX BACKLIT FLEX	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
14.	01643648	MAX S.A VINYL	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
15.	01643649	MAX ECO-SOLVENT	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household purposes paper use for digital printing included in class-16.	January 21, 2008	January 20, 2018
16.	01643651	MAX MESH	Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household	January 21, 2008	January 20, 2018



Sr. No.	Trademark Registration Number	Trademark	Description of Goods/Services	Validity Period	
				From	To
17.	01643652	MAX FLEX	purposes paper use for digital printing included in class-16. Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household	January 21, 2008	January 20, 2018
18.	01643653	MAX GOLD VINYL	purposes paper use for digital printing included in class-16. Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household	January 21, 2008	January 20, 2018
19.	01643654	MAX INKJET MEDIA SERIES	purposes paper use for digital printing included in class-16. Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household	January 21, 2008	January 20, 2018
20.	01643657	MAX SPARES	purposes paper use for digital printing included in class-16. Paper, Cardboard, Photographs paper, Flex, Plastic materials, adhesive for stationery or household	January 21, 2008	January 20, 2018

\* The trademarks are in logo marks and not word marks.

### Trademarks applied for but not received

Following table sets forth the details of the trademarks applied for with the Trade Marks Registry Mumbai, under class 35 as defined under the IV Schedule of the Trademark Rules, 2002. The following trademarks are applied in the name of the Company:

Sr. No.	Date of Application	Trademark Application Number	Trademark
1.	January 21, 2008	01643655	MAX PREMIUM ONEWAY VISION
2.	January 21, 2008	01643656	MAX EURO VINYL
3.	April 26, 2010	01955592*	maxenergy greenpower www.maxenergy.co.in
4.	April 26, 2010	01955593*	maxenergy greenpower www.maxenergy.co.in
5.	April 26, 2010	01955594*	maxenergy greenpower www.maxenergy.co.in
6.	April 26, 2010	01955595*	maxenergy greenpower www.maxenergy.co.in
7.	April 26, 2010	01955596*	maxenergy greenpower www.maxenergy.co.in
8.	April 26, 2010	01955597*	maxenergy greenpower www.maxenergy.co.in
9.	April 26, 2010	01955598*	maxenergy greenpower www.maxenergy.co.in
10.	April 26, 2010	01955599*	maxenergy greenpower

			www.maxenergy.co.in
11.	April 26, 2010	01955600*	maxenergy greenpower www.maxenergy.co.in
12.	April 26, 2010	01955601*	maxenergy greenpower www.maxenergy.co.in
13.	April 26, 2010	01955602*	maxenergy greenpower www.maxenergy.co.in
14.	April 26, 2010	01955603*	maxenergy greenpower www.maxenergy.co.in
15.	April 26, 2010	01955604*	maxenergy greenpower www.maxenergy.co.in
16.	April 26, 2010	01955605*	maxenergy greenpower www.maxenergy.co.in
17.	April 26, 2010	01955606*	maxenergy greenpower www.maxenergy.co.in
18.	April 26, 2010	01955607*	maxenergy greenpower www.maxenergy.co.in
19.	April 26, 2010	01955608*	maxenergy greenpower www.maxenergy.co.in
20.	April 26, 2010	01955609*	maxenergy greenpower www.maxenergy.co.in
21.	April 26, 2010	01955610*	maxenergy greenpower www.maxenergy.co.in
22.	April 26, 2010	01955611*	maxenergy greenpower www.maxenergy.co.in
23.	April 26, 2010	01955612*	maxenergy greenpower www.maxenergy.co.in
24.	April 26, 2010	01955613*	maxenergy greenpower www.maxenergy.co.in
25.	April 26, 2010	01955614*	maxenergy greenpower www.maxenergy.co.in
26.	April 26, 2010	01955615*	maxenergy greenpower www.maxenergy.co.in
27.	April 26, 2010	01955616*	maxenergy greenpower www.maxenergy.co.in
28.	April 26, 2010	01955617*	maxenergy greenpower www.maxenergy.co.in
29.	April 26, 2010	01955618*	maxenergy greenpower www.maxenergy.co.in
30.	April 26, 2010	01955619*	maxenergy greenpower www.maxenergy.co.in
31.	April 26, 2010	01955620*	maxenergy greenpower www.maxenergy.co.in
32.	April 26, 2010	01955621*	maxenergy greenpower

			www.maxenergy.co.in
33.	April 26, 2010	01955622*	maxenergy greenpower www.maxenergy.co.in
34.	April 26, 2010	01955623*	maxenergy greenpower www.maxenergy.co.in
35.	April 26, 2010	01955624*	maxenergy greenpower www.maxenergy.co.in
36.	April 26, 2010	01955625*	maxenergy greenpower www.maxenergy.co.in
37.	April 26, 2010	01955626*	maxenergy greenpower www.maxenergy.co.in
38.	April 26, 2010	01955627*	maxenergy greenpower www.maxenergy.co.in
39.	April 26, 2010	01955628*	maxenergy greenpower www.maxenergy.co.in
40.	April 26, 2010	01955629*	maxenergy greenpower www.maxenergy.co.in
41.	April 26, 2010	01955630*	maxenergy greenpower www.maxenergy.co.in
42.	April 26, 2010	01955631*	maxenergy greenpower www.maxenergy.co.in
43.	April 26, 2010	01955632*	maxenergy greenpower www.maxenergy.co.in
44.	April 26, 2010	01955633*	maxenergy greenpower www.maxenergy.co.in
45.	April 26, 2010	01955551*	MAXXX Generation NEXT
46.	April 26, 2010	01955552*	MAXXX Generation NEXT
47.	April 26, 2010	01955553*	MAXXX Generation NEXT
48.	April 26, 2010	01955554*	MAXXX Generation NEXT
49.	April 26, 2010	01955555*	MAXXX Generation NEXT
50.	April 26, 2010	01955556*	MAXXX Generation NEXT
51.	April 26, 2010	01955557*	MAXXX Generation NEXT
52.	April 26, 2010	01955558*	MAXXX Generation NEXT
53.	April 26, 2010	01955559*	MAXXX Generation NEXT
54.	April 26, 2010	01955560*	MAXXX Generation NEXT
55.	April 26, 2010	01955561*	MAXXX Generation NEXT
56.	April 26, 2010	01955562*	MAXXX Generation NEXT
57.	April 26, 2010	01955563*	MAXXX Generation NEXT
58.	April 26, 2010	01955564*	MAXXX Generation NEXT
59.	April 26, 2010	01955565*	MAXXX Generation NEXT
60.	April 26, 2010	01955566*	MAXXX Generation NEXT
61.	April 26, 2010	01955567*	MAXXX Generation NEXT
62.	April 26, 2010	01955568*	MAXXX Generation NEXT
63.	April 26, 2010	01955569*	MAXXX Generation NEXT
64.	April 26, 2010	01955570*	MAXXX Generation NEXT
65.	April 26, 2010	01955571*	MAXXX Generation NEXT
66.	April 26, 2010	01955572*	MAXXX Generation NEXT
67.	April 26, 2010	01955573*	MAXXX Generation NEXT
68.	April 26, 2010	01955574*	MAXXX Generation NEXT
69.	April 26, 2010	01955575*	MAXXX Generation NEXT
70.	April 26, 2010	01955576*	MAXXX Generation NEXT
71.	April 26, 2010	01955577*	MAXXX Generation NEXT
72.	April 26, 2010	01955578*	MAXXX Generation NEXT

73.	April 26, 2010	01955579*	MAXXX Generation NEXT
74.	April 26, 2010	01955580*	MAXXX Generation NEXT
75.	April 26, 2010	01955581*	MAXXX Generation NEXT
76.	April 26, 2010	01955582*	MAXXX Generation NEXT
77.	April 26, 2010	01955583*	MAXXX Generation NEXT
78.	April 26, 2010	01955584*	MAXXX Generation NEXT
79.	April 26, 2010	01955585*	MAXXX Generation NEXT
80.	April 26, 2010	01955586*	MAXXX Generation NEXT
81.	April 26, 2010	01955587*	MAXXX Generation NEXT
82.	April 26, 2010	01955588*	MAXXX Generation NEXT
83.	April 26, 2010	01955589*	MAXXX Generation NEXT
84.	April 26, 2010	01955590*	MAXXX Generation NEXT
85.	April 26, 2010	01955591*	MAXXX Generation NEXT

\* The trademarks are in logo marks and not word marks.

\*\* As per the website [www.ipindiaonline.gov.in](http://www.ipindiaonline.gov.in) as on November 25, 2010 the said trademarks are registered under the Trade Marks Registry, Mumbai, we are yet to receive the certificate of registration from the Trade Mark Registry, Mumbai.

## Indian Regulations

For an overview of the key industry regulations and policies applicable to our Company in India, please refer to the chapter titled “Key Industry Regulations and Policies” on page 151 of the Draft Red Herring Prospectus.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The regulations set out hereinbelow and their description are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 Central Sales Tax Act, 1956 and applicable local sales tax statutes and other miscellaneous regulations apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

Our Company is engaged in the business of manufacturing, contract manufacturing and contract research and manufacturing, processing, coating, laminating, dealing, buying, selling, trading, distributing, exhibiting, importing and exporting and otherwise dealing in all types and classes thereof of print and imaging media including flex, mesh, vinyl, laminates, inkjet media and solvent media; films including eco solvent films, media films, lamination film, mounting film, graphic arts film, colour photographic film, infra red film, helium neon film, colour separation film, aerographic film; boards including sun board sheets and PVC sheets, PP sheets, media and digital graphics and is governed by a number of central and state legislations that regulate its business. Further our Company is subject to and affected by certain foreign laws, particularly laws relating to intellectual property. Applicable laws of jurisdiction outside India have not been set out or detailed herein. No action or omission should be taken or contemplated based on the contents below without independent verification with each prospective investors' legal advisors, and any prospective investor who does so without such independent verification and based on the contents hereinbelow would do so at his/her/its sole risk and without recourse to our Company or the GC-BRLM or the BRLM or any other person or entity whatsoever.

The following discussion summarizes certain significant Indian laws and regulations that govern our Company's business.

### Laws applicable to manufacturing units

#### ***The Factories Act, 1948***

The Factories Act, 1948 (the "**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The Factories Act defines a 'factory' to cover any premises, which employs ten or more workers and in which manufacturing processes are carried on with the aid of power, and to cover any premises, where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories. The Factories Act also provides for the mechanisms for safety of certain equipment used in factories, procedures for periodic examination of equipment such as pressure vessels and lifting tackles, regulation of working conditions within the factories and includes specific provisions applicable to women and children employed in factories.

#### **The Environment (Protection) Act, 1986 ("Act")**

The Act provides for the protection and improvement of environment and for matters connected therewith and is in pursuance of India's participation in the United Nations Conference on the Human Environment held at Stockholm in June, 1972.

In keeping with its mandate, the Act provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed.

#### **The Water (Prevention and Control of Pollution) Act, 1974 ("Act")**

The Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and

functions relating thereto and for matters connected therewith. The Act defines “*pollution*” as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.

Accordingly, the previous consent of the Board constituted under the Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Act and such other authorities or agencies as may be prescribed.

### **The Air (Prevention and Control of Pollution) Act, 1981 (“Act”)**

The Act provides for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes of Boards for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.

The Act envisages establishing a Central Board as well as State Pollution Control Boards in each State. The Central Board constituted under Water (Prevention and Control of Pollution) Act, 1974, shall, without prejudice to its powers and functions under this Act, shall also exercise the powers and perform the functions of the Central Board under the Prevention and Control of Air Pollution. Similarly if in any State, the State Government has constituted for that State, a State Board for the Prevention and Control of Water Pollution, then such State Board shall be deemed to be the State Board for the Prevention and Control of Air Pollution and exercise the powers and perform the functions of the State Board for the Prevention and Control of Air Pollution also.

As per the Act, no person operating any industrial plant, in any air pollution control area (so declared under Section 19 of the Act) shall discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the Board constituted under the Act. Further, no person shall, without the previous consent of the Board constituted under the Act, establish or operate any industrial plant in an air pollution control area.

The Act further prescribes certain compliances with regard to the reporting and prevention of accidents. Thus, where in any area the emission of any air pollutant into the atmosphere in excess of the standards laid down by the Board constituted under the Act occurs or is apprehended to occur due to accident or other unforeseen act or event, the person in charge of the premises from where such emission occurs or is apprehended to occur shall forthwith intimate the fact of such occurrence or the apprehension of such occurrence to such Board and to such authorities or agencies as may be prescribed by the Act.

### **The Public Liability Insurance Act, 1991 (“Act”)**

The Act provides for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident (being caused during the handling of any hazardous substance resulting in continuous or intermittent or repeated exposure to death of, or injury to, any person or damage to any property), the person who owns, or has control over handling, such hazardous substance at the time of the Accident shall be liable to give such relief as is specified in the Schedule to the Act for such death, injury or damage. Therefore, such person who will be liable in case of an accident shall, before he starts handling any hazardous substance, obtain one or more insurance policies providing for contracts of insurance whereby he is insured against liability to give relief as described above. Such person is also required to contribute to the environment relief fund a sum equal to the premium paid by him towards the public liability insurance cover obtained.

### ***Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977***

The Standards of Weights and Measures Act, 1976 (the “Act”) aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. The Act and rules formulated thereunder regulate *inter alia* inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

#### **Labour laws applicable to our Company**

### **The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (“Act”) and the schemes formulated thereunder (“Schemes”)**

This Act provides for the institution of provident funds, family pension funds and deposit linked insurance fund for the employees in the factories and other establishments. Accordingly, the following schemes are formulated for the benefit of such employees:

- (i) *The Employees Provident Fund Scheme:* as per this Scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.
- (ii) *The Employees Pension Scheme:* Employees’ Pension Scheme is Pension Scheme for survivors, old aged and disabled persons. This Scheme derives its financial resource by partial diversion from the Provident Fund contribution, the rate being 8.33%. Thus, a part of contribution representing 8.33 per cent of the employee’s pay shall be remitted by the employer to the Employees’ Pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the Employees’ Pension Fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the Act. The Central Government shall also contribute at the rate of 1.16 per cent of the pay of the members of the Employees’ Pension Scheme and credit the contribution to the Employees’ Pension Fund.
- (iii) *The Employees Deposit Linked Insurance Scheme:* As per this Scheme, the contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under Section 6C(4) of the Act, to the Insurance Fund within 15 days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the appropriate authority constituted under the Act.

Further, the employer is required to maintain records and submit periodic returns with regard to the implementation of the Act and Schemes.

### **The Industrial Employment (Standing Orders) Act, 1946 (“Act”)**

The Act requires employers in industrial establishments formally to define with sufficient precision the conditions of employment under them and to make the conditions known to workmen employed by them. The Act extends to the whole of India and applies to every industrial establishment wherein 100 or more workmen are employed, or were employed on any day of the preceding 12 months. Every employer whose industrial establishment falls within the purview of this Act is required to submit draft standing orders to the certifying officer appointed under the Act in the prescribed manner. The certifying officer shall thereupon certify the draft standing orders, after making any modifications therein.

The text of the standing orders as finally certified under this Act shall be prominently posted by the employer in English and in the language understood by the majority of his workmen on special boards to be maintained for the purpose at or near the entrance through which the majority of workmen enter the industrial establishment and in all departments thereof where the workmen are employed.



### ***The Workman Compensation Act, 1923***

The Workmen's Compensation Act, 1923 (the “WC Act”) aims at providing financial protection to employees (for their dependents in the event of fatal accidents) by means of payment of compensation by the employers, if personal injury is caused to them by accidents arising out of and in the course of their employment. The WC Act makes it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid.

### ***The Payment of Wages Act, 1936***

The Payment of Wages Act, 1936 (the “Act”) is enacted to regulate the period and payment of wages, overtime wages and deductions from wages and also to regulate the working hours, overtime, weekly holidays of certain classes of employed persons. The Act contains provisions as to the minimum wages that are to be fixed by the appropriate governments for the employees, entitlement of bonus of the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

### ***State specific Shops and Commercial Establishments Acts as applicable***

Under various state laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration from the supervising inspector and has to comply with certain rules laid down therein. These statutes and rules and regulations framed thereunder regulate the opening and closing hours of shops and commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages, maintenance of records and registers by the employers, among others.

### **Laws applicable to the creation and protection of intellectual property rights**

#### ***Trade Marks Act, 1999***

The Trade Marks Act, 1999 (the “Trademark Act”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. Certification marks and collective marks are also registrable under the Trademark Act. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. However, the registration of a trademark that is not inherently distinctive on the basis of intent to use may be difficult to obtain.

Applications for a trademark registration may be made for in one or more international classes. The trademark, once applied for, is advertised in the trademarks journal. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored.

### **Tax laws applicable to our Company and our business**

#### ***The Customs Act, 1962***

The Customs Act, 1962 (the “Customs Act”) is to consolidate and amend the laws related to customs. The Custom Act provides that all importers must file a bill of entry or a cargo declaration, containing the prescribed particulars for a customs clearance. Additionally, a series of other documents relating to the cargo are to be filed with the appropriate authority. After registration of the bill of entry, it is forwarded to the concerned appraising group in the custom house. This is followed by an assessment by the assessing officer in order to determine the duty liability which is on the basis of statement made in the entry relating thereto and the documents produced and information furnished by the importer or exporter. Further, all imported goods are examined for verification

of correctness of description given in the bill of entry. Post- assessment, the importer may seek delivery of the goods from the custodians.

### ***Central Excise***

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

### ***Value Added Tax***

Value Added Tax (“VAT”) is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

### ***Sales Tax***

The tax on sale of movable goods within India is governed by the provisions of the Central Sales Tax Act, 1956 or relevant state law depending upon the movement of goods pursuant to the relevant sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act, 1956. On the other hand, when the taxability of an arrangement of sale of movable goods which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax/VAT legislations in place within such state.

### **Anti- dumping provisions**

#### ***The General Agreement on Tariffs and Trade, 1994 (“GATT”)***

The GATT lays down principles to be followed by the signatories for imposition of anti-dumping duties (goods are said to have been “dumped” in a country if they are supplied into the commerce of that country at a price lesser than the price of similar goods already available in its domestic market and such strategic pricing and supplies in large volumes causes or threatens to cause material injury to the established industry of similar goods in the country), countervailing duties and safeguard measures. GATT also states some contingent measures, which permit the signatories to withdraw their normal obligations under certain specified circumstances and thus impose higher protection against import of one or more goods from one or more countries in those circumstances. Contingent protection measures fall under three categories: - anti-dumping, countervailing and safeguard measures.

Article VI of the GATT stipulates that ‘In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product’.

Pursuant to the GATT, detailed guidelines have been prescribed under the specific agreements which have been incorporated by way of legislations by the signatories of the World Trade Organisation. The laws in India were also amended with effect from January 01, 1995 to bring them in line with the provisions of the respective GATT agreements.

Sections 9A, 9B and 9C of the Customs Tariff Act, 1975 (“**Customs Act**”) as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (“**Customs Tariff Rules**”) form the legal basis for anti-dumping investigations and for the imposition of anti-dumping duties in India. These laws are in consonance with the agreement on anti-dumping which is in pursuance of Article VI of GATT.

In such a scenario, where dumping causes or threatens to cause material injury to a specific industry in India, the designated authority appointed under the Customs Tariff Rules initiates necessary action for investigations and subsequent imposition of anti-dumping duties.

The Government of India through the Ministry of Finance, Department of Revenue *vide* its notification number 79/2010-Customs dated July 30, 2010 (“**Notification**”) has, in exercise of the powers conferred by sub-section (2) of section 9A of the Customs Act read with rules 13 and 20 of the Customs Tariff Rules, has on the basis of the aforesaid findings of the designated authority, imposed on the goods, an anti-dumping duty on PVC Flex Film originating from People’s Republic of China and exported from People’s Republic of China and produced by any producer and exported by any exporter and imported into India.

The quantum of anti-dumping duty as per the Notification, which shall be imposed on the imports by a company in India, is detailed below, *inter alia*:

1. Duty at the rate of US \$ 0.152 per kilogram shall be levied in case the producer as well as the exporter is Zhejiang Hailide New Material Company Limited. In such case, the country of the producer and that of the exporter shall be People’s Republic of China.
2. Duty at the rate of US \$ 0.346 per kilogram shall be levied in case the producer as well as the exporter is M/s Shanghai Nar Industrial Company Limited (NAR). In such case, the country of the producer and that of the exporter shall be People’s Republic of China.
3. Duty at the rate of US \$ 0.346 per kilogram shall be levied in case the producer is M/s Shanghai Nar Industrial Company Limited (NAR) and the exporter is M/s Shanghai Inflex Signage Company Limited. In such case, the country of the producer and that of the exporter shall be People’s Republic of China.
4. Duty at the rate of US \$ 0.545 per kilogram shall be levied in case the producer and the exporter is not a company which is enlisted in the Notification.
5. In case the country of origin is People’s Republic of China and the country of export is a country other than People’s Republic of China, duty shall be levied at the rate of US \$ 0.545 per kilogram. In such case, the country of the producer or that of the exporter is irrelevant.
6. In case the country of origin is a country other than People’s Republic of China and the country of export is a country other than People’s Republic of China, duty shall be levied at the rate of US \$ 0.545 per kilogram. In such case, the country of the producer or that of the exporter is irrelevant.

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## HISTORY AND OTHER CORPORATE MATTERS

Our Company was originally incorporated as “*Silver Digigraph Private Limited*” under the Companies Act, 1956 *vide* Certificate of Incorporation dated October 25, 2002 issued by the Registrar of Companies, Mumbai. Our Company’s name was changed to “*Max Flex & Imaging Systems Private Limited*” *vide* Fresh Certificate of Incorporation Consequent upon Change of Name dated June 06, 2008 to reflect the business of our Company more accurately. Our Company was converted into a public limited company and subsequently the name of our Company was changed to “*Max Flex & Imaging Systems Limited*” *vide* Fresh Certificate of Incorporation Consequent upon Conversion dated September 16, 2010. Our Company has been allocated CIN U92112MH2002PLC137690.

In 1967, Mr. Mansukhlal Jobalia, Mr. Navinchandra Jobalia and Mr. Pradip Jobalia set up a business relating to media, digital graphics, various types of films such as paper, photographic film, x- ray film, graphic art films through a partnership firm under the name and style of M/s. Max Traders. Subsequently, Mr. Rajnikant Jobalia became partner of M/s. Max Traders in 1973. Our Promoter, Mr. Hitesh Jobalia joined M/s. Max Traders in 1984.

During the period from 2000 to 2003 Mr. Hitesh Jobalia also set up partnership firms M/s. Max Convertors and M/s. Silver Graphics, with Ms. Dipti Jobalia as a partner for catering to the printing consumables industry. In the year 2000, our Promoter, Mr. Hitesh Jobalia designed and launched the “MAXXX- Generation Next” logo in Max Convertors Private Limited.

Subsequently, towards corporatisation of the operations, Mr. Hitesh Jobalia along with Mr. Nimesh Shah, was instrumental in promoting and incorporating our Company. With the intention of consolidating the business of various group entities under a single flagship corporate, three group entities, namely Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Limited were amalgamated into our Company in terms of Section 391-394 of the Companies Act, 1956 (with April 02, 2007 being the appointed date) *vide* an Order of the High Court of Judicature at Bombay dated March 28, 2008. For further details in this regard, please see the paragraph titled “*Amalgamations in the history of our Company*” of this section, as also the section titled “*Capital Structure*” on page 55 of the Draft Red Herring Prospectus.

In furtherance of the consolidation of businesses, our Company took over the businesses of partnership firms, M/s. Silver Graphics, M/s. Max Convertors and M/s Max Traders during April 2008 as a going concern along with all their assets and liabilities. For further details in this regard, please see the paragraph titled “*Amalgamations in the history of our Company*” of this section, as also section titled “*Capital Structure*” on page 55 of the Draft Red Herring Prospectus.

Further, Mr. Kirti Doshi became part of the senior management of our Company’s operations from April, 2006 and is currently Whole Time Director of our Company.

As on the date of the Draft Red Herring Prospectus, our Promoters are Mr. Hitesh Jobalia, Mr. Nimesh Shah and Mr. Kirti Doshi. For further details regarding our Promoters and changes thereto, please refer to the section titled “*Our Promoters and Promoter Group*” on page 187 of the Draft Red Herring Prospectus.

In 2010, our Company acquired the shares of Amprochem Private Limited, making it a wholly owned Subsidiary of our Company and thus gained control of a chemical manufacturing facility. This facility produces pre-press and press room chemicals for use in offset printing.

For details of our changes in our capital structure, please refer to the section titled “*Capital Structure*” beginning on page 55 of the Draft Red Herring Prospectus.

There have been no changes in the address of the Registered Office of our Company since incorporation.

Our Company’s Registered Office is located at:  
102, Prime Plaza,  
J. V. Patel Compound,  
Balasaheb Madhurkar Marg,  
Elphinstone (West),  
Mumbai – 400 013  
Maharashtra, India.

## Corporate Profile

Our Company was incorporated in the year 2002 and is currently engaged *inter alia* in the business of manufacturing and marketing of digital and offset printing consumables in India. Our Promoter, Mr. Hitesh Jobalia, has nearly 25 years of experience in the printing consumables industry, having been a part of M/s. Max Traders, a partnership firm involved in business of printing consumables, since 1984, which was taken over by our Company. Over the years, we have developed in-house capabilities and built alliances for providing comprehensive solutions in digital printing consumables, offset printing consumables and related accessories.

For further details of our Company's activities, products and the growth of our Company, please refer to the sections titled "*Our Business*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" and "*Basis for Issue Price*" on pages 111, 258 and 84 of the Draft Red Herring Prospectus.

## Major Events

The major events in the history of our Company are as set out hereinbelow:

Date	Event
2000	Our Promoter, Mr. Hitesh Jobalia launched the "MAXXX – Generation Next" logo in Max Convertors Private Limited
2002	Our Company was incorporated as " <i>Silver Digigraph Private Limited</i> "
2004	Our Company entered into an arrangement with a Chinese ODM for manufacturing of flex
2006	Our Company opened our first branch in Ahmedabad followed by Chennai and Bengaluru
2007	We expand our marketing and distribution network by setting up nine more branches and entering into C & F agent agreements
2008	Our Company's turnover crosses ₹ 1,000.00 mn. Our Company's name is changed to " <i>Max Flex &amp; Imaging Systems Private Limited</i> " Further expansion of our marketing and distribution network to have pan India presence High Court of Bombay sanctions the Scheme of Amalgamation of Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Limited with our Company with effect from April 2, 2007. Our Company acquires the business of partnership firms M/s. Max Traders, M/s. Max Convertors and M/s. Silver Graphics
2009	Expansion of our marketing and distribution network
2010	Acquired 100% shares of Amprochem Private Limited, resulting in it becoming a wholly owned Subsidiary of our Company, thus acquired a chemical manufacturing facility Our Subsidiary " <i>Max Apollo Flex Digital Limited</i> " is incorporated Our Company is converted into a public limited company. The name of our Company is changed to " <i>Max Flex &amp; Imaging Systems Limited</i> " pursuant thereto Entered into a Technical Assistance Agreement and Investment Agreement with Shanghai Lanquan Plastic Products Company Limited for the manufacturing of flex

## Awards and achievements

Year	Award
2004	Max Film Convertors (India) Limited was awarded "Certificate of Excellence for excellent performance in Q1FY04 in HP India Supplies Business". Max Film Convertors (India) Limited was later merged into our Company in the year 2008
2004	Our Company was awarded "Best Performance Award for Large Format Media" by M/s. Technova and M/s. Alpap International.
2006	Our Company was awarded "Best Product Display" Award pursuant to its participation in the India International Sign Show, 2006
2009	Our Company was awarded the "Excellence Award" as a certificate of excellence in productivity, quality, innovation and management by the Institute of Economic Studies, New Delhi

## Raising of capital in the form of equity or debt

Other than as disclosed under the section titled "*Capital Structure*" on page 55 of the Draft Red Herring Prospectus, our Company has not raised any capital in the form of equity.

Other than as disclosed under the section titled "*Financial Statements*" on page 192 of the Draft Red Herring Prospectus, our Company has not raised any capital in the form of debt in the past five years.

## Revaluation of assets

There has been no revaluation of assets since incorporation.

## Defaults or Rescheduling of borrowings with financial institutions/ banks

There have been no defaults or rescheduling of borrowings with the financial institutions / banks in the history of our Company.

## Lock-out or strikes

There have been no lock-outs or strikes in our Company since inception.

## Changes in the activities of our Company during the preceding five years

There has been no change in the activities being carried out by our Company during the preceding five years from the date of the Draft Red Herring Prospectus which may have a material effect on the profits/ loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## Injunctions or Restraining Orders

Our Company is not operating under any injunction or restraining order.

## Our Shareholders

The total number of members of our Company as on the date of the Draft Red Herring Prospectus is 50.

## Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

“To carry on the business, of manufacturing, contract manufacturing and contract research and manufacturing, processing, coating, laminating, dealing, buying, selling, trading, distributing, exhibiting, importing and exporting and otherwise dealing in all types and classes thereof of print and imaging media including flex, mesh, vinyl, laminates, inkjet media and solvent media; films including eco solvent films, media films, lamination film, mounting film, graphic arts film, colour photographic film, infra red film, helium neon film, colour separation film, aerographic film; boards including sun board sheets and PVC sheets, PP sheets, media and digital graphics; paper, including solvent paper, black and white photographic papers, inkjet paper, eco solvent paper; inks, including solvent ink, pigment ink, eco solvent ink; analog and digital plates; printing chemicals including offset printing chemicals, solvent chemicals, dyes and pigments, chemical derivatives, chemical compounds, chemical products, by-products, and elements (solids, liquids and gases), dyes, dye-stuff, intermediates; all such products and consumables catering to the media and printing industry including offset and digital printing; and all types of hardware, systems including displays, boards, stands and ink dispensers in relation to dispensing, displaying, supplying and utilizing the media, ink and its print related consumables”

## Changes in the Memorandum of Association of our Company since incorporation

Date of shareholder's approval	Changes in the Memorandum of Association
March 31, 2005	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 500,000 to ₹ 10,000,000 by the addition of 950,000 equity shares of face value ₹ 10.00 per equity share.
April 01, 2007	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 10,000,000 to ₹ 20,000,000 by the addition of 1,000,000 equity shares of face value ₹ 10 per equity share.
April 05, 2007	<b>Increase in Authorised Share Capital</b>



Date of shareholder's approval	Changes in the Memorandum of Association
	Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 20,000,000 to ₹ 50,000,000 by the addition of 3,000,000 equity shares of face value ₹ 10 per equity share.
March 27, 2008	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 50,000,000 to ₹ 80,000,000 by the addition of 3,000,000 equity shares of face value ₹ 10 per equity share.
March 16, 2009	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 80,000,000 to ₹ 100,000,000 by the addition of 2,000,000 equity shares of face value ₹ 10 per equity share.
December 01, 2009	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 100,000,000 to ₹ 150,000,000 by the addition of 5,000,000 equity shares of face value ₹ 10 per equity share.
September 20, 2010	<b>Increase in Authorised Share Capital</b> Clause V of our Memorandum of Association amended for increase in the Authorised Share Capital of our Company from ₹ 150,000,000 to ₹ 200,000,000 by the addition of 5,000,000 equity shares of face value ₹ 10 per equity share.
October 07, 2010*	<b>Change to the Main Objects Clause</b> Clause III(A) of our Memorandum of Association amended to reflect the main objects of our Company as under:  <i>“To carry on the business, of manufacturing, contract manufacturing and contract research and manufacturing, processing, coating, laminating, dealing, buying, selling, trading, distributing, exhibiting, importing and exporting and otherwise dealing in all types and classes thereof of print and imaging media including flex, mesh, vinyl, laminates, inkjet media and solvent media; films including eco solvent films, media films, lamination film, mounting film, graphic arts film, colour photographic film, infra red film, helium neon film, colour separation film, aerographic film; boards including sun board sheets and PVC sheets, PP sheets, media and digital graphics; paper, including solvent paper, black and white photographic papers, inkjet paper, eco solvent paper; inks, including solvent ink, pigment ink, eco solvent ink; analog and digital plates; printing chemicals including offset printing chemicals, solvent chemicals, dyes and pigments, chemical derivatives, chemical compounds, chemical products, by-products, and elements (solids, liquids and gases), dyes, dye-stuff, intermediates; all such products and consumables catering to the media and printing industry including offset and digital printing; and all types of hardware, systems including displays, boards, stands and ink dispensers in relation to dispensing, displaying, supplying and utilizing the media, ink and its print related consumables”</i>

\*Certificate of Registration of the Special Resolution Confirming Alteration of Objects Clause dated November 08, 2010 issued by the Registrar of Companies, Maharashtra at Mumbai.

## Subsidiaries

As on the date of the Draft Red Herring Prospectus our Company has two Subsidiaries, incorporated under the Companies Act, 1956.

### 1. Amprochem Private Limited (“APL”)

APL was incorporated as “Amprochem Private Limited” vide Certificate of Incorporation bearing number 11-55272 of 1990 dated January 31, 1990. The registered office of APL is located at R- 407, TTC 2<sup>nd</sup> Area, Rabale, MIDC, Navi Mumbai – 400 701, Maharashtra, India. The CIN of APL is U99999MH1990PTC055272.

APL was originally promoted by Mr. Ravi Subramanian and Mr. Murali Attili. APL became our Subsidiary on April 01, 2010 pursuant to acquisition of its equity shares by our Company. As on the date of the Draft Red Herring Prospectus, APL is a wholly owned subsidiary of our Company. Our Company acquired APL with the intention of acquiring the manufacturing unit of APL, then located at Rabale, Maharashtra. APL’s manufacturing unit is presently shifted to Badlapur, Maharashtra. Pursuant thereto, the former promoters of



APL, Mr. Ravi Subramanian and Mr. Murali Attili, are presently associated with our Company as key managerial personnel.

APL is engaged in the business *inter alia* of manufacturing of pre-press and press room chemicals used in offset printing in its manufacturing facility is at Badlapur, Maharashtra.

#### *Board of Directors*

The board of directors of APL as on the date of the Draft Red Herring Prospectus consists of:

Sr. No.	Name of Director	Designation
1	Mr. Hitesh Jobalia	Director
2	Mr. Kirti Doshi	Director
3	Mr. Nimesh Shah	Director
4	Mr. Ravi Subramaniam	Director
5	Mr. Jaishankar Sthanumurthy	Director
6	Mr. Murali Attili	Director

#### *Equity share capital*

The authorised share capital of APL is ₹ 10.00 mn. divided into 1,000,000 equity shares of ₹ 10 each.

Name of shareholder	Number of shares held	% of shareholding
Max Flex & Imaging Systems Limited	914,499	99.99
Mr. Hitesh Jobalia*	01	Negligible
<b>Total</b>	<b>914,500</b>	<b>100.00</b>

\*Held as a nominee of Max Flex & Imaging Systems Limited

#### *Financial performance:*

Particulars	(₹ in mn.)		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity Capital	0.80	0.80	1.65
Share Application Money	0.85	0.85	7.50
Reserves and Surplus	(0.002)	0.20	1.11
Misc. Expenditure to the extent not written off	-	-	-
Sales	39.98	60.33	60.23
Profit / (Loss) after tax	0.01	0.20	0.92
Basic Earnings per share (₹)	0.17	2.51	11.33
Diluted Earnings per share (₹)	0.08	1.21	5.57
Net Asset Value Per Share (₹)	9.97	12.48	16.77

APL became a Subsidiary of our Company on April 1, 2010 and all accumulated profits and losses of the Subsidiary have been accounted for by us.

## **2. Max Apollo Flex Digital Limited (“MAFDL”)**

MAFDL was incorporated as “Max Apollo Flex Digital Limited” vide Certificate of Incorporation dated September 07, 2010. It received its certificate of commencement of business dated November 02, 2010 from the Registrar of Companies, Mumbai. The registered office of MAFDL is located at Gala No. 2, Sadhana Industrial Estate, Sadhana Soap Lane, Off S.V Road, Oshiwara, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India. The CIN of MAFDL is U74120MH2010PLC207491.

MAFDL has been incorporated with the intention of setting up a manufacturing facility for PVC Flex Media in India.

#### *Board of Directors*

The board of directors of MAFDL as on the date of the Draft Red Herring Prospectus consists of:

Sr. No.	Name of Director	Designation
1.	Mr. Hitesh Jobalia	Director

Sr. No.	Name of Director	Designation
2.	Mr. Nimesh Shah	Director
3.	Mr. Kirti Doshi	Director

#### *Equity share capital*

Name of shareholder	Number of shares held	% of shareholding
Max Flex & Imaging Systems Limited	249,994	99.99
Mr. Hitesh Jobalia*	01	Negligible
Mr. Nimesh Shah*	01	Negligible
Mr. Kirti Doshi*	01	Negligible
Mr. Pankaj Jobalia*	01	Negligible
Ms. Dipti Jobalia*	01	Negligible
Ms. Nikita Shah*	01	Negligible
<b>Total</b>	<b>250,000</b>	<b>100.00</b>

*\*Held as a nominee of Max Flex & Imaging Systems Limited.*

In respect of the incorporation of MAFDL as a WOS, our statutory auditor, M/s. D. Kothary & Co. has, *vide* certificate dated November 26, 2010 certified that our Company has invested a sum of ₹ 2.50 mn. in the equity share capital of MAFDL from internal accruals.

#### *Financial performance:*

As MAFDL was incorporated in Fiscal 2011 and has not completed its first Fiscal, no financial information of MAFDL is available for the past three fiscal years.

None of our Subsidiaries has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up. None of our Subsidiaries has made a loss in the immediately preceding year. Further, none of our Subsidiaries had remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Subsidiaries.

Further, none of our Subsidiaries have been identified as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

#### **Amalgamations in the history of our Company**

##### ***Scheme of Amalgamation (“Scheme”) of Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Private Limited (“Transferors”) with our Company (“Transferee”).***

In accordance with the terms of the said Scheme, as sanctioned by the High Court of Judicature at Bombay *vide* order dated March 28, 2008 in Company Petition number 14 of 2008 connected with Company Application number 1334 of 2008, with effect from April 02, 2007 (“**Appointed Date**”) and with April 29, 2008 being the effective date (“**Effective Date**”), the undertakings and liabilities of the Transferors stood transferred to the Transferee company as a going concern so as to become the estate, rights, titles and interests of the Transferee company pursuant to Section 394 of the Companies Act and such other provisions thereof as may be applicable.

The object of the amalgamation was to consolidate the business of various group entities under a single flagship corporate. Pursuant to the Scheme, our Company acquired the business of the Transferors as going concerns.

Upon the Scheme becoming effective and in consideration of the transfer of and vesting of the undertakings of the Transferors, the Transferee company allotted equity shares of the Transferee company as follows:

- (i) 2,623 equity shares of the Transferee allotted for every 100 equity shares held by shareholders of the Max Convertors Private Limited;
- (ii) 148 equity shares of the Transferee allotted for every 100 equity shares held by shareholders of the Sterling Media Private Limited; and
- (iii) 1,415 equity shares of the Transferee allotted for every 100 equity shares held by shareholders of the Max Film Convertors (India) Private Limited.

We have obtained a certificate from D. Kothary & Co., an independent firm of chartered accountants dated November 23, 2010 stating that the accounting treatment followed in respect of financials contained in the Scheme of Amalgamation of Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Private Limited with our Company as sanctioned by the High Court of Judicature at Bombay on March 28, 2008, are in compliance with all applicable accounting standards issued by ICAI including Accounting Standard - 14 Accounting for Amalgamations.

Accordingly, the accounting treatment in the books of accounts have been appropriately given effect from the Appointed Date of Max Flex & Imaging Systems Limited and as contained in the scheme is in compliance with all the Accounting Standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956. Further, it is certified that there are no deviations in the accounting of the aforesaid Scheme, from the accounting treatments which have been specified in paragraph 42 of Accounting Standard 14 - Accounting for Amalgamations.

### **Acquisition of the business of three partnership firms, namely M/s. Silver Graphics and M/s. Max Convertors and M/s Max Traders by our Company.**

Our Company acquired the business as a going concern including all assets and liabilities, of the partnership firms, from April 01, 2008, as under:

- (i) M/s. Max Traders, a partnership firm established in 1967, and comprising Mr. Hitesh Jobalia and Ms. Dipti Jobalia as partners, as on the date of acquisition of its business by our Company;
- (ii) M/s. Max Convertors, a partnership firm established in 2000, and comprising Mr. Hitesh Jobalia and Ms. Dipti Jobalia as partners, as on the date of acquisition of its business by our Company; and
- (iii) M/s. Silver Graphics, a partnership firm established in 2003, and comprising Mr. Hitesh Jobalia and Ms. Dipti Jobalia as partners, as on the date of acquisition of its business by our Company.

As consideration for the assets of the abovementioned partnerships acquired by our Company, Mr. Hitesh Jobalia and Ms. Dipti Jobalia were allotted 52,334 equity shares of our Company of face value ₹ 10 each, at par as under:

1.	Allotment of 15,245 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the business of M/s. Max Convertors (“ <b>Transferor firm</b> ”) with our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	5,851	Acquisition of assets and liabilities of M/s. Max Convertors
	Ms. Dipti Jobalia	9,394	
2.	Allotment of 12,643 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the business of M/s. Max Traders with our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	9,021	Acquisition of assets* and liabilities of M/s. Max Traders
	Ms. Dipti Jobalia	3,622	
3.	Allotment of 24,446 equity shares of our Company of face value of ₹ 10 each made at par pursuant to the acquisition of the business of M/s. Silver Graphics with our Company. The allotment was made on October 01, 2008		
	Mr. Hitesh Jobalia	9,571	Acquisition of assets* and liabilities of M/s. Silver Graphics
	Ms. Dipti Jobalia	14,875	

*\* In respect of certain assets of M/s. Max Traders, M/s. Silver Graphics the conveyance documents for transfer of title to our Company have yet to be executed as on the date of the Draft Red Herring Prospectus. For details please see the section titled “Our Business - Property” on page 111 of the Draft Red Herring Prospectus.*

For further details of allotments made by our Company pursuant to the terms of the Scheme and pursuant to the acquisition of the business of M/s. Max Traders, M/s. Max Convertors and M/s. Silver Graphics, please refer to the chapter titled “*Capital Structure*” on page 55 of the Draft Red Herring Prospectus.

### **Material Agreements**

There are no shareholders/ share subscription agreements entered into by our Company in relation to the Equity Share Capital of our Company as on the date of this Draft Red Herring Prospectus.

Except as disclosed hereinbelow we are not a party to, nor have we entered into, any other material contract not being a contract:

1. Entered into in the normal course of business carried on, or intended to be carried on, by our Company; or
2. Entered into more than 2 years before the date of the Draft Red Herring Prospectus.

1) ***Investment Agreement dated November 03, 2010 entered into by and between our Company and Shanghai Lanquan Plastic Products Company Limited (“Agreement”)***

**Parties:** Max Flex & Imaging Systems Limited (“**Max Flex**”) and Shanghai Lanquan Plastic Products Company Limited (“**LQ**”)

**Objectives:** Max Flex and LQ intend to carry on the business of manufacturing and sale of all types and classes thereof of print and imaging media, films, boards, paper, inks, analog and digital plates, printing chemicals and all such products and consumables catering to the media and printing industry including offset and digital printing (“**Business**”) through Max Apollo Flex Digital Limited, a company incorporated under the laws of India and having its registered office at Gala No. 2, Sadhana Industrial Estate, Sadhana Soap Lane, Off S.V Road, Oshiwara, Jogeshwari (West), Mumbai 400102 (“**Max Apollo**”).

**Subscription to the share capital of Max Apollo:** On or before March 31, 2011, Max Apollo shall complete filings with the Registrar of Companies and pass such shareholders resolutions as may be necessary, to increase its authorized share capital to ₹ 10.00 mn. (comprising 1.00 mn equity shares of face value of ₹ 10.00 each). Pursuant thereto, and within 15 days from such increase in the authorized share capital of Max Apollo, LQ shall subscribe to 0.20 mn. equity shares of face value of ₹ 10.00 each of Max Apollo at a price of ₹ 418.00 per equity share aggregating to ₹ 83.60 mn. On the same date, Max Flex shall subscribe to 0.35 mn. equity shares of face value of ₹ 10.00 each of Max Apollo at a price of ₹ 710.00 per equity share aggregating to ₹ 248.50 mn.

**Board of Directors of Max Apollo:** Subject to the provisions of this Agreement and the Act, the Board shall be responsible for the overall management, supervision, direction, and control of Max Apollo. The day to day management of Max Apollo shall be conducted by the board of Max Apollo within the policies and parameters set out by the Parties including as provided in the business plan of Max Apollo. The board of Max Apollo shall comprise of not less than 3 directors and not more than 12 directors, of which LQ shall be entitled to nominate and cause to be appointed 1 director, or such directors as may comprise 25% of the board of Max Apollo, till its shareholding in Max Apollo is not less than 25% of the total issued, paid- up and subscribed capital of Max Apollo. However, it shall be explicitly understood and acknowledged that the chairman and managing director of Max Apollo shall always be nominated by of Max Flex. LQ shall at all times, exercise its voting powers to ensure that the chairman and managing director of Max Apollo shall be nominated by of Max Flex.

**Use of the  logo:** The Products shall be manufactured by Max Apollo under the Brand and logo of .

**Transfer of shares of Max Apollo:** neither LQ nor Max Flex may transfer, directly or indirectly, any shares of Max Apollo held by it for a period of five (5) years commencing, without the prior written consent of the other shareholders of Max Apollo.

**Right of First Refusal:** In case LQ desires to transfer, sell or otherwise dispose of (hereinafter referred to as the “**Transferor**”) Shares held by it in Max Apollo, it shall offer such shares of Max Apollo in the first instance, to Max Flex.

**Call option:** Upon conclusion of a period of 5 years from the effective date, Max Flex shall have the right to purchase from LQ, in a manner set out herein, such number of shares of Max Apollo held by LQ (“**Call Option**”) either by itself, and/or thorough its affiliates and, such that Max Flex and/or its affiliates (collectively) hold / control upto 100% of the share capital of Max Apollo. The call option can be exercised by Max Flex in whole or in part such that Max Flex and/or its affiliates (collectively) hold / control 100% of the share capital of Max Apollo, pursuant to exercising the call option.

2) ***Technical Assistance Agreement dated November 03, 2010 entered into by and between our Company and Shanghai Lanquan Plastic Products Company Limited and Max Apollo Flex Digital Limited (“Agreement”)***

*Parties:* Max Flex & Imaging Systems Limited (“**Max Flex**”) and Shanghai Lanquan Plastic Products Company Limited (“**LQ**”) and Max Apollo Flex Digital Limited (“**Max Apollo**”)

*Objectives:* LQ to provide technical assistance from LQ for manufacture and use of all kinds of PVC and Flex in India and LQ has agreed to provide technical assistance to Max Flex or to Max Apollo.

*Consideration:* In consideration of the obligations undertaken hereunder by LQ, MAX APOLLO shall make payment to LQ of fees subject to withholding taxes.


*Deputation of technicians:* LQ shall make available to Max Flex and/ or Max Apollo on deputation not less than 3 or any such additional number of technicians in India as may be mutually agreed upon for such period not less than 90 days and not exceeding 120 days or any such period as may be mutually agreed between the parties hereto to assist Max Flex and/ or Max Apollo in absorbing the technical assistance provided by LQ. Max Apollo shall bear the cost of return airfare, boarding, lodging, medical care and hospitalisation in India and internal transport in India of the technicians deputed by LQ. In addition and if possible, LQ shall, on a request made by Max Flex and/ or Max Apollo, depute any of its technicians to Max Apollo for any technical need that may arise. The duration of such technician's stay shall be such as Max Flex and/ or Max Apollo and LQ shall determine.

3) ***Agreement dated September 27, 2010 entered into by and between our Company and Advanced Ink Technology Company Limited (“Agreement”)***

*Parties:* Max Flex & Imaging Systems Limited (“**Company**”) and Advanced Ink Technology Company Limited (“**Contract Manufacturer**”)

*Objective:* for getting our Company’s products, viz. Inks for various Inkjet Media (“**Products**”) manufactured at the manufacturing facility of the Contract Manufacturer.

*Term:* Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

*Licensing of Intellectual Property:* The Products shall be manufactured by the Contract Manufacturer under the Brand and logo ‘’ (“**Trademark**”). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

*Indemnity:* The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney’s fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


*Exclusive agreement to act as ODM:* ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

4) ***Agreement dated September 27, 2010 entered into by and between our Company and Guangzhou Xusen Coat Materials Company Limited (“Agreement”)***

*Parties:* Max Flex & Imaging Systems Limited (“**Company**”) and Guangzhou Xusen Coat Materials Company Limited (“**Contract Manufacturer**”)

*Objective:* for getting our Company’s products, viz. Self Adhesive Vinyls, Blockouts and One Way Vision Media (“**Products**”) manufactured at the manufacturing facility of the Contract Manufacturer.

*Term:* Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

*Licensing of Intellectual Property:* The Products shall be manufactured by the Contract Manufacturer under the Brand and logo ‘’ (“**Trademark**”). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

*Indemnity:* The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney’s fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


*Exclusive agreement to act as ODM:* ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

5) ***Agreement dated September 27, 2010 entered into by and between our Company and Hong Kong Chun Cheong Indl. Limited (“Agreement”)***

*Parties:* Max Flex & Imaging Systems Limited (“**Company**”) and Hong Kong Chun Cheong Indl. Limited (“**Contract Manufacturer**”)

*Objective:* for getting our Company’s products, viz. Ecosolvent and Lamination Media and Inkjet Media (“**Products**”) manufactured at the manufacturing facility of the Contract Manufacturer.

*Term:* Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

*Licensing of Intellectual Property:* The Products shall be manufactured by the Contract Manufacturer under the Brand and logo ‘’ (“**Trademark**”). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

*Indemnity:* The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney’s fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


*Exclusive agreement to act as ODM:* ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

6) ***Agreement dated September 27, 2010 entered into by and between our Company and Ningbo Yuanyuan Company Limited (“Agreement”)***

*Parties:* Max Flex & Imaging Systems Limited (“**Company**”) and Ningbo Yuanyuan Company Limited (“**Contract Manufacturer**”)

*Objective:* for getting our Company’s products, viz. Economy Inkjet Media (“**Products**”) manufactured at the manufacturing facility of the Contract Manufacturer.

*Term:* Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

*Licensing of Intellectual Property:* The Products shall be manufactured by the Contract Manufacturer under the Brand and logo ‘’ (“**Trademark**”). Contract Manufacturer recognizes that the Trademark is solely the



intellectual property of our Company and is owned by our Company and that our Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

**Indemnity:** The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney's fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


**Exclusive agreement to act as ODM:** ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

7) ***Agreement dated September 27, 2010 entered into by and between our Company and Shanghai Lanquan Plastic Products Company Limited ("Agreement")***

**Parties:** Max Flex & Imaging Systems Limited ("**Company**") and Shanghai Lanquan Plastic Products Company Limited ("**Contract Manufacturer**")

**Objective:** for getting our Company's products, viz. PVC Flex-Backlit and Frontlit Flex and Mesh ("**Products**") manufactured at the manufacturing facility of the Contract Manufacturer.

**Term:** Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

**Licensing of Intellectual Property:** The Products shall be manufactured by the Contract Manufacturer under the Brand and logo '' ("**Trademark**"). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

**Indemnity:** The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney's fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


**Exclusive agreement to act as ODM:** ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

8) ***Agreement dated September 27, 2010 entered into by and between our Company and K&D (Shanghai) Industrial and Trading Company Limited ("Agreement")***

**Parties:** Max Flex & Imaging Systems Limited ("**Company**") and K&D (Shanghai) Industrial and Trading Company Limited ("**Contract Manufacturer**")

**Objective:** for getting our Company's products, viz. PVC Flex ("**Products**") manufactured at the manufacturing facility of the Contract Manufacturer.

**Term:** Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

**Licensing of Intellectual Property:** The Products shall be manufactured by the Contract Manufacturer under the Brand and logo '' ("**Trademark**"). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.



*Indemnity:* The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney's fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.


*Exclusive agreement to act as ODM:* ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

9) ***Agreement dated September 27, 2010 entered into by and between our Company and The Second Film Factory of Luck Group ("Agreement")***

*Parties:* Max Flex & Imaging Systems Limited ("**Company**") and The Second Film Factory of Luck Group ("**Contract Manufacturer**")

*Objective:* for getting our Company's products, viz. P.S. Plates and C.T.P. Plates ("**Products**") manufactured at the manufacturing facility of the Contract Manufacturer.

*Term:* Agreement shall be valid from the Effective date for a term of 3 years. The Agreement shall be deemed renewed and shall continue to be valid and in force between the parties for indefinite and successive periods of 3 years each unless it is terminated by either Party thereto.

*Licensing of Intellectual Property:* The Products shall be manufactured by the Contract Manufacturer under the Brand and logo '' ("**Trademark**"). Contract Manufacturer recognizes that the Trademark is solely the intellectual property of our Company and is owned by our Company and that the Trademark shall be used by the Contract Manufacturer only for the purposes of carrying out such activities as are contemplated in this Agreement.

*Indemnity:* The Contract Manufacturer will indemnify and hold harmless Company and all its associates from and against any liability, loss, damage, action, claim or expense (including reasonable attorney's fee) actually incurred and arising from any third party claim relating to a failure by the Contract Manufacturer to perform the services materially in accordance with this Agreement, the specifications of the Products as mentioned by Company in the purchase orders or applicable law or regulations, in each case.

*Exclusive agreement to act as ODM:* ODM shall supply the Products exclusively to our Company. The ODM shall not supply the Products to any other company/entity or third party within the country of India during the subsistence of this Agreement.

### **Strategic Partners**

Our Company has entered into certain agreements with our strategic partner, Shanghai Lanquan Plastic Products Company Limited, details of which are provided under the heading titled "*Material Agreements*" of this chapter.

### **Financial Partners**

As on the date of the Draft Red Herring Prospectus, our Company does not have any financial partners.

## OUR MANAGEMENT

Under our Articles of Association, our Board shall consist of not less than 3 and not more than 12 Directors. As on the date of filing of the Draft Red Herring Prospectus, our Board consists of 6 Directors and includes 3 Promoter Directors and 3 Independent Directors.

### OUR DIRECTORS

The following table sets forth the details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus.

Sr. No.	Full Name, Age, Nationality, DIN, Occupation, Designation, and Address	Date of Appointment and Term of Office	Other Directorships
1)	<b>Mr. Anup Banerji</b>  Age: 60 years  Nationality: Indian  DIN: 01863598  Occupation: Retired (Former Deputy Managing Director, State Bank of India)  Designation: Chairman (Non- Executive Independent; Additional)  Address: C- 9, Kinellan Tower, 100 – A, Napean Sea Road, Malabar Hill, Mumbai – 400 006 Maharashtra, India	<b>Date of appointment:</b> November 24, 2010  <b>Term:</b> liable to retire by rotation	Nil
2)	<b>Mr. Hitesh Rajnikant Jobalia</b>  Age: 44 years  Nationality: Indian  DIN: 01545443  Occupation: Business  Designation: Managing Director  Address: Flat Number A/101, Simla House, Napean Sea Road, Mumbai – 400 036, Maharashtra, India	<b>Date of appointment:</b> September 20, 2010  <b>Term:</b> October 01, 2010 to September 30, 2015	Amprochem Limited  Private  Max Apollo Flex Digital Limited
3)	<b>Mr. Nimesh Navin Shah</b>  Age: 46 years  Nationality: Indian  DIN: 00153366  Occupation: Business  Designation: Whole Time Director  Address: Number 105-A, Simla House, 51/B, Napean Sea Road, Malabar Hill, Mumbai – 400 036,	<b>Date of appointment:</b> September 20, 2010  <b>Term:</b> October 01, 2010 to September 30, 2015	Amprochem Limited  Private  Max Apollo Flex Digital Limited

Sr. No.	Full Name, Age, Nationality, DIN, Occupation, Designation, and Address	Date of Appointment and Term of Office	Other Directorships
	Maharashtra, India		
4)	<b>Mr. Kirti Ranchoddas Doshi</b> Age: 48 years Nationality: Indian DIN: 01550857 Occupation: Business Designation: Whole Time Director Address: Flat Number 62, 6 <sup>th</sup> Floor, Brij Kutir Co-operative Housing Society Limited, off Rungta Lane, Napean Sea Road, Mumbai – 400 036 Maharashtra, India	<b>Date of appointment:</b> September 20, 2010 <b>Term:</b> liable to retire by rotation	Max Apollo Flex Digital Limited Amprochem Private Limited
5)	<b>Mr. Mitil Rajnikant Chokshi</b> Age: 40 years Nationality: Indian DIN: 01209404 Occupation: Practising Chartered Accountant Designation: Independent Director Address: 15/17, Raghavji Building, Ground Floor, Raghavji Road, Gowalia Tank, Off Kemps Corner, Mumbai-400 036, Maharashtra, India	<b>Date of appointment:</b> September 20, 2010 <b>Term:</b> liable to retire by rotation	Steve Cragg Advertising Private Limited Citco India Services Private Limited
6)	<b>Mr. Ramakant Madhav Nayak</b> Age: 65 years Nationality: Indian DIN: 00129854 Occupation: Corporate Consultant Designation: Independent Director Address: A/11, Anand Dham, 9 <sup>th</sup> Prabhat Colony, Near Hotel Yatri, Santacruz (East), Mumbai – 400 055 Maharashtra, India	<b>Date of appointment:</b> September 20, 2010 <b>Term:</b> liable to retire by rotation	Sun Global Investments Limited, London, UK Nine Rivers Capital Holdings Private Limited Avon Organics Limited Sunteck Realty Limited Nitin Fire Protection Industries Limited Sun Capital Advisory Services Private Limited Blend Financial Services Limited

Note: None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.

Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors were directors of any company when the shares of the said company were suspended from trading by Stock Exchange(s) for more than 3 months during last 5 years or delisted.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.

As on the date of the Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

### **Brief Profile of our Directors**

**Mr. Anup Banerji**, aged 60 years, is the Chairman of our Company. He holds a Masters degree in Arts from Rajasthan University. He has 37 years of experience in the fields of banking and finance and has earlier held the designation of Deputy Managing Director, State Bank of India. He was appointed as the Additional Independent Director and Non- Executive Chairman of our Company on November 24, 2010. As Mr. Banerji has been appointed in Fiscal 2011, no sitting fee was paid to him in Fiscal 2010.

**Mr. Hitesh Jobalia**, aged 44 years, is the Promoter and Managing Director of our Company. He holds a Bachelors degree in Commerce from Mumbai University. He has nearly three decades of experience in manufacturing and marketing of printing consumables and is a third generation entrepreneur in the industry of printing consumables. In 1984, Mr. Hitesh Jobalia joined the business of M/s. Max Traders, a partnership firm established in 1967 by his family which was involved in the business of marketing of paper and printing consumables. To further capitalize on the opportunities developing in this industry, he forayed into the business of processing of flex and importing other printing consumables. To fructify his vision of being a reliable and leading player in our industry, he promoted and incorporated our Company. He spearheads our Company and is instrumental in establishing the “MAXXX – Generation Next” brand. His current responsibilities include strategic planning, marketing, research and development, as also to analyze the feasibility of products new to the Indian markets, for marketing in India. He has been awarded the “Udyog Rattan” award by the Economic Review, New Delhi in the year 2009. Mr. Jobalia was paid a remuneration of ₹ 6.0 mn. in Fiscal 2010.

**Mr. Nimesh Shah**, aged 46 years, is the Promoter and Whole Time Director of our Company. He holds a Bachelors degree in Commerce from Mumbai University. He has over 15 years of experience in the printing consumables industry. Mr. Nimesh Shah steers our Company’s digital printing consumables business, including flex operations. His initiatives in identifying and developing key alliances with ODMs and channel partners are important to our business development endeavours. He oversees our Company’s efforts in the areas of new market development and managing corporate customers. Mr. Shah was paid a remuneration of ₹ 1.5 mn. in Fiscal 2010.

**Mr. Kirti Doshi**, aged 48 years, is the Promoter and Whole Time Director of our Company. He has completed his second year of Bachelors degree in Commerce from Mumbai University. He has over 20 years of experience in manufacturing, primarily in the textile industry. Mr. Kirti Doshi’s role in our Company is in the areas of finance, distribution and overview of branch operations. Specifically, Mr. Doshi is involved in budgeting, inventory control, warehousing and branch operations, installing systems, rules and regulations to ensure smooth operations. Mr. Doshi was paid a remuneration of ₹ 3.6 mn. in Fiscal 2010.

**Mr. Mitil Chokshi**, aged 40 years, is an Independent Director on the Board of our Company. He holds a Bachelor’s degree in Commerce from Sydenham College, Mumbai. He is also a fellow member of the Institute of Cost and Works Accountants of India. He is also a fellow member of the Institute of Chartered Accountants of India. He has more than 15 years of experience and is a partner at M/s. Chokshi & Chokshi, Chartered Accountants. Mr. Chokshi has also authored books on various topics including, *inter alia*, international taxation

and investor protection. He was appointed as the Independent Director of our Company on September 20, 2010. As Mr. Chokshi has been appointed in Fiscal 2011, no sitting fee was paid to him in Fiscal 2010.

**Mr. Ramakant Nayak**, aged 65 years, is an Independent Director on the Board of our Company. He holds a Bachelor's degree in Science from Karnataka University and Bachelor's degree in Law from Mumbai University. He is also a member of Indian Banks Association Standing Committee of Private Sector Banks. He has held various prestigious positions in the banking industry in his career such as the chairman and CEO of The Lakshmi Vilas Bank Limited and managing director and CEO of The Lord Krishna Bank Limited and he has more than 40 years of experience in the commercial banking sector. He was appointed as the Independent Director of our Company on September 20, 2010. As Mr. Nayak has been appointed in Fiscal 2011, no sitting fee was paid to him in Fiscal 2010.

### Family Relationship between Directors and Key Managerial Personnel

None of our Directors and Key Managerial Personnel are relatives (as defined under the Companies Act). However, our Directors and Promoters are related to each other and to our Key Managerial Personnel as disclosed hereunder:

Name of Director	Director/Key Managerial Personnel to whom related	Nature of Relationship
Mr. Hitesh Jobalia	Mr. Kirti Doshi	Wife's sister's husband
	Mr. Pankaj Jobalia	Father's brother's son
	Mr. Rajesh Dadia	Wife's sister's husband
Mr. Kirti Doshi	Mr. Hitesh Jobalia	Wife's sister's husband
	Mr. Rajesh Dadia	Wife's sister's husband

None of our Key Managerial Personnel are related to each other.

### BORROWING POWERS OF BOARD OF DIRECTORS

The borrowing powers of our Directors are regulated by Article 95 of the Articles of Association of our Company.

The Board of Directors of our Company has power to borrow upto ₹ 5,000.00 mn. as per the members' resolution passed in the EGM of our Company held on August 26, 2010.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 342 of the Draft Red Herring Prospectus.

### COMPENSATION AND BENEFITS TO THE MANAGING DIRECTOR / WHOLE TIME DIRECTOR

#### 1. Terms of appointment and compensation of Mr. Hitesh Jobalia, Managing Director are as follows:

Mr. Hitesh Jobalia was appointed as our Director at incorporation and as our Managing Director on April 01, 2004. Mr. Hitesh Jobalia has since been reappointed as Chairman and Managing Director of our Company in Extraordinary General Meeting held on September 20, 2010 with effect from October 01, 2010 to September 30, 2015. Mr. Hitesh Jobalia was redesignated as Managing Director on November 24, 2010. Our Company has entered into an agreement dated October 01, 2010 with Mr. Hitesh Jobalia, pursuant to his re-appointment on our Board as the Managing Director of our Company.

Particulars	Amount (₹)
Salary	330,000 per month with reasonable increment in the month of April every year during the tenure of this Agreement, subject to maximum 25% of the existing salary
Perquisites	
(a) House rent allowance and House maintenance with expenditure on gas, electricity, water and furnishings.	50% of basic pay or provision of furnished accommodation
(b) Leave Travel Allowance for self and family.	1,200,000 (per annum)
(c) Medical benefits for self and family.	15,000 (per annum)
(d) Personal accident insurance premium	20,000 (per annum)

Particulars	Amount (₹)
(e) Mediciclaim Insurance for self, spouse, children and dependent family members	20,000 (per annum)
Provident Fund contribution by our Company	As payable for all employees and subject to the maximum amount prescribed by the applicable statutes
Superannuation fund contribution by our Company	As payable for employees, subject to the condition that contributions to provident fund and superannuation fund together shall not exceed 27% of the salary paid
Company car with driver and cell phone (for official and private purpose) is also provided to Mr. Hitesh Jobalia. Mr. Hitesh Jobalia is also entitled to entrance as well as yearly membership fees of any two clubs or an association at Mumbai and amounts paid for the same is also part of the computation of perquisites.	

All perquisites together with expenditure incurred by our Company on Mr. Hitesh Jobalia shall not exceed total amount of salary and the total remuneration payable by our Company to Mr. Hitesh Jobalia shall not exceed the limits prescribed by applicable provisions of the Companies Act.

## 2. Terms of appointment and compensation of Mr. Nimesh Shah, Whole Time Director are as follows:

Mr. Nimesh Shah was appointed as our Director on April 01, 2004. Mr. Nimesh Shah has since been reappointed as Whole Time Director of our Company in Extraordinary General Meeting held on September 20, 2010 with effect from October 01, 2010 to September 30, 2015. Our Company has entered into an agreement dated October 01, 2010 with Mr. Nimesh Shah, pursuant to his re-appointment on our Board as the Whole Time Director of our Company.

Particulars	Amount (₹)
Salary	165,000 per month with reasonable increment in the month of April every year during the tenure of this Agreement, subject to maximum 25% of the existing salary
Perquisites	
(a) House rent allowance and House maintenance with expenditure on gas, electricity, water and furnishings.	50% of basic pay or provision of furnished accommodation
(b) Leave Travel Allowance for self and family.	600,000 (per annum)
(c) Medical benefits for self and family.	15,000 (per annum)
(d) Personal accident insurance premium	20,000 (per annum)
(e) Mediciclaim Insurance for self, spouse, children and dependent family members	20,000 (per annum)
Provident fund contribution by our Company	As payable for all employees and subject to the maximum amount prescribed by the applicable statutes
Superannuation fund contribution by our Company	As payable for employees, subject to the condition that contributions to provident fund and superannuation fund together shall not exceed 27% of the salary paid
Company car with driver and cell phone (for official and private purpose) is also provided to Mr. Nimesh Shah. Mr. Nimesh Shah is also entitled to entrance as well as yearly membership fees of any two clubs or an association at Mumbai and amounts paid for the same is also part of the computation of perquisites.	

All perquisites together with expenditure incurred by our Company on Mr. Nimesh Shah shall not exceed total amount of salary and the total remuneration payable by our Company to Mr. Nimesh Shah shall not exceed the limits prescribed by applicable provisions of the Companies Act.

## 3. Terms of appointment and compensation of Mr. Kirti Doshi, Whole Time Director are as follows:

Mr. Kirti Doshi was appointed as our Director on April 01, 2006. Mr. Kirti Doshi has since been appointed as Executive Director of our Company. He was reappointed as Whole Time Director of our Company in Extraordinary General Meeting held on September 20, 2010 with effect from October 01, 2010 to September 30, 2015, subject to him being liable to retire by rotation. Our Company has entered into an agreement dated October 01, 2010 with Mr. Kirti Doshi, pursuant to his re-appointment on our Board as the Whole Time Director of our Company.

Particulars	Amount (₹)
Salary	165,000 per month with reasonable increment in the month of April every year during the tenure of this Agreement, subject to maximum 25% of the existing salary

<b>Perquisites</b>	
(a) House rent allowance and House maintenance with expenditure on gas, electricity, water and furnishings.	50% of basic pay or provision of furnished accommodation
(b) Leave Travel Allowance for self and family.	600,000 (per annum)
(c) Medical benefits for self and family.	15,000 (per annum)
(d) Personal accident insurance premium	20,000 (per annum)
(e) Mediclaim Insurance for self, spouse, children and dependent family members	20,000 (per annum)
Provident fund contribution by our Company	As payable for all employees and subject to the maximum amount prescribed by the applicable statutes
Superannuation fund contribution by our Company	As payable for employees, subject to the condition that contributions to provident fund and superannuation fund together shall not exceed 27% of the salary paid
Company car with driver and cell phone (for official and private purpose) is also provided to Mr. Kirti Doshi. Mr. Kirti Doshi is also entitled to entrance as well as yearly membership fees of any two clubs or an association at Mumbai and amounts paid for the same is also part of the computation of perquisites.	

All perquisites together with expenditure incurred by our Company on Mr. Kirti Doshi shall not exceed total amount of salary and the total remuneration payable by our Company to Mr. Kirti Doshi shall not exceed the limits prescribed by applicable provisions of the Companies Act.

### **Sitting Fees Payable to Non-Executive Directors**

As per resolution of our Board of Directors dated September 20, 2010, the sitting fees payable to each of our Non- Executive Directors is ₹ 10,000 per meeting of the Board or any Committee thereof.

None of our Non- Executive Directors have been paid any sitting fees in Fiscal 2010.

### **Policy On Disclosures and Internal Procedure For Prevention Of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges.

Ms. Neha Salia, Company Secretary & Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### **Shareholding of Directors**

As per our Articles of Association of our Company, a Director of our Company is not required to hold any qualification shares. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Draft Red Herring Prospectus:

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>No. of Equity Shares held</b>	<b>Percentage (%) of pre-issue Equity Share in our Company</b>
1.	Mr. Anup Banerji	Nil	Nil
2.	Mr. Hitesh Jobalia	8,099,878	64.66
3.	Mr. Nimesh Shah	715,920	5.72
4.	Mr. Kirti Doshi	539,026	4.30
5.	Mr. Mitil Chokshi	Nil	Nil
6.	Mr. Ramakant Nayak	Nil	Nil

### **Interest of Directors**

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of our Company.



The Directors may also be regarded as interested to the extent of the Equity Shares held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. The Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the annexure titled “*Statement of Related Party Transactions, as Restated*” on page 218 of the Draft Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

### Interest as to Property

Except to the extent of consideration payable by our Company to our Directors as disclosed in paragraph titled “*Property*” in the section titled “*Our Business*” on page 111 of the Draft Red Herring Prospectus our Directors have no interest in any property acquired by our Company within two years of the date of the Draft Red Herring Prospectus.

Our Directors are not interested in any transaction with our Company involving construction of building or supply of any machinery.

### CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The following changes have taken place in the Board of Directors of our Company during the last 3 years:

Name of the Director	Date of Appointment	Date of Cessation of Directorship	Remarks
Ms. Dipti Jobalia	September 30, 2006	August 30, 2010	Resigned <i>vide</i> resignation letter dated August 30, 2010
Ms. Nikita Shah	September 30, 2006	August 30, 2010	Resigned <i>vide</i> resignation letter dated August 30, 2010
Mr. Vasant Khopade	October 25, 2002	October 01, 2008	Resigned <i>vide</i> resignation letter dated October 01, 2008
Mr. Rajesh Dadia	October 01, 2008	July 27, 2010	Resigned <i>vide</i> resignation letter dated July 27, 2010
Mr. Mitil Chokshi	September 20, 2010	NA	Appointed as an Independent Director
Mr. Ramakant Nayak	September 20, 2010	NA	Appointed as an Independent Director
Mr. Anup Banerji	November 24, 2010	NA	Appointed as an additional Independent Director and Non- Executive Chairman

### CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. As of the date of the Draft Red Herring Prospectus, our Company has taken steps to comply with the provisions of Clause 49 of the Listing Agreement, including with respect to the appointment of independent directors, the constitution of the Audit, Shareholders/ Investors Grievance, Remuneration committees. In addition, our Company has also constituted Initial Public Offering Committee and Treasury Committee. The Board functions either on it’s own or through various committees constituted to oversee specific operational areas.

### COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. As the Chairman of our Board is a non- executive Director, our Company is required to constitute its Board of Directors to include 1/3 of the Board as Independent Directors. Our Board has 6 Directors out of which 3 are Independent Directors.

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Anup Banerji	Chairman	Independent Director
2.	Mr. Hitesh Jobalia	Managing Director	Promoter Director
3.	Mr. Nimesh Shah	Whole- Time Director	Promoter Director
4.	Mr. Kirti Doshi	Whole Time Director	Promoter Director
5.	Mr. Mitil Chokshi	Director	Independent Director
6.	Mr. Ramakant Nayak	Director	Independent Director

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following Committees of the Board:

1. Audit Committee;
2. Remuneration Committee; and
3. Shareholders/Investors Grievance Committee.

Our Company has constituted an Initial Public Offering Committee, for the purposes of this Issue. Further our Company has constituted a Treasury Committee.

### Audit Committee

Our Board constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act and in accordance with Clause 49 of the Listing Agreement. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on September 20, 2010 and reconstituted thereafter on November 24, 2010.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The terms of reference of the Audit Committee are as follows:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information;
5. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:
  - a. Matters required to be included in the 'Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
  - h. Going concern assumption; and
  - i. Compliance with the Indian GAAP and IFRS.
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
8. Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the

- official heading the department, reporting structure, coverage and frequency of internal audit; discussion with internal auditors of any significant findings and follow-up thereon;
9. Discussion with internal auditors of any significant findings and follow up there on;
  10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  12. To review the functioning of the 'whistle blower' mechanism, in case the same is existing;
  13. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate;
  14. To investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or in the reference made to it by the board and for this purpose the committee shall have full access to information contained in the records of the company;
  15. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of our Company;
  16. To seek information from any employee;
  17. To obtain outside legal or other professional advice;
  18. To secure the attendance of outsiders with relevant expertise, if it considers necessary;
  19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial information and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
- f. Financial statements, in particular, the investments made by the unlisted subsidiary company.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Audit Committee consists of the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Mitil Chokshi	Chairman	Independent Director
2.	Mr. Anup Banerji	Member	Independent Director
3.	Mr. Kirti Doshi	Member	Whole Time Director

Ms. Neha Salia will act as the secretary of the Audit Committee.

## REMUNERATION COMMITTEE

Our Board constituted a Remuneration Committee, pursuant to the provisions of Clause 49 of the Listing Agreement. The constitution of the Remuneration Committee was approved at a meeting of the Board of Directors held on November 24, 2010.

The terms of reference of Remuneration Committee comply with the requirements of Schedule XIII of the Act. The terms of reference of our Remuneration Committee are as follows:

1. To fix and finalise remuneration including salary, perquisites, benefits, bonuses, allowances, etc.;

2. Fixed and performance linked incentives along with the performance criteria;
3. Increments and Promotions;
4. Service Contracts, notice period, severance fees;
5. Ex-gratia payments;
6. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India, including:
  - i. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
  - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
7. Reviewing, assessing and recommending the appointment, terms of appointment and reappointment including remuneration etc of Executive and/or Non-Executive Directors and Senior Employees;
8. To recommend, approve and evaluate the Whole Time Director, Managing Director and Executive Director's compensation plans, policies and programmes of our Company;
9. Recommending payment of compensation / remuneration in accordance with the provisions of the Companies Act;
10. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole Time/ Executive Directors, including pension rights and any compensation payment;
11. To review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors' compensation;
12. To obtain such outside or professional advice as it may consider necessary to carry out its duties;
13. To invite any employee or such document as it may deem fit for exercising of its functions; and
14. Carrying out any other function as may be referred to by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.

The Remuneration Committee has been constituted with the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Anup Banerji	Chairman	Independent Director
2.	Mr. Ramakant Nayak	Member	Independent Director
3.	Mr. Mitil Chokshi	Member	Independent Director

Ms. Neha Salia will act as the secretary of the Remuneration Committee.

## SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee has been formed by the Board of Directors at the meeting held on November 24, 2010 in compliance with Clause 49 of the Listing Agreement.

The terms of reference of our Shareholders / Investor Grievance Committee are given below:

1. To approve the request for transfer, transmission, etc. of shares;
2. To approve the dematerialization of shares and rematerialisation of shares, splitting and consolidation of Equity Shares and other securities issued by our Company
3. Review of cases for refusal of transfer / transmission of shares and debentures, if any;
4. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters.
5. Redressal of shareholder and investor complaints like transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends, interests etc;
6. To consider and approve issue of duplicate / split / consolidated share certificates;
7. Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;
8. Reference to statutory and regulatory authorities regarding investor grievances;
9. To ensure proper and timely attendance and redressal of investor queries and grievances;
10. Oversee the performance of Registrar and Transfer Agent; and

Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Shareholders / Investors Grievance Committee has been constituted with the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Ramakant Nayak	Chairman	Independent Director
2.	Mr. Mitil Chokshi	Member	Independent Director
3.	Mr. Nimesh Shah	Member	Whole Time Director

Ms. Neha Salia will act as the secretary of the Shareholders / Investors Grievance Committee.

#### INITIAL PUBLIC OFFERING COMMITTEE

The Initial Public Offering Committee of our Company has been formed by the Board of Directors at the meeting held on September 20, 2010.

The terms of reference of the Initial Public Offering Committee are as under:

The Initial Public Offering Committee be and is hereby authorised to approve, implement, negotiate, carry out and decide upon all activities in connection with the Issue, including, but not limited to:

1. Deciding on the actual size of the public offer vis-a-vis market conditions, investors' interest and recommend to the Board on the timings of the proposed Initial Public Offering, the number of equity shares that may be offered under the Issue, including pursuant to any Pre- Initial Public Offering Placement, any offer for sale by promoters/shareholders Reservation on a firm or competitive basis, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under the SEBI ICDR Regulations, the objects of the Issue, price and to accept any amendments, modifications, variations or alterations thereto;
2. Identify and appoint suitable persons, as the committee may think fit, as Book Running Lead Manager to the Issue, Legal Counsel to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto;
3. Entering into agreements and remunerating as Book Running Lead Manager to the Issue, Legal Counsel to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto, if any, by way of commission, brokerage, fees or the like;
4. Guiding the intermediaries in the preparation and finalization of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap, and approving such documents, including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto;
5. Approving the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto;
6. Finalizing and arranging for the submission of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to the SEBI, the Stock Exchanges and other appropriate government and regulatory authorities, institutions or bodies;
7. Approving a code of conduct as may be considered necessary by the Board or the Initial Public Offering Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of our Company;

8. Approving a suitable policy on insider trading as required under Applicable Laws;
9. Approving any corporate governance requirement that may be considered necessary by the Board or the Initial Public Offering Committee or as may be required under Applicable Laws in connection with the Issue;
10. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in rupees or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines, including the SEBI ICDR Regulations;
11. Seeking the listing of Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;
12. Seeking the admission of the Company's Equity Shares into Central Depository Services (India) Limited and National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of the Company's Equity Shares;
13. Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue, if any;
14. Determining and finalizing the price band for the Issue, any revision to the price band and the final Issue Price after bid closure;
15. Determining the bid opening and closing dates;
16. Approving and finalizing the Basis of Allotment and confirming the allocation/allotment/transfer of Equity Shares to the various categories of persons as disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus, in consultation with the book running lead managers, the Stock Exchanges, SEBI and/or any other entity;
17. Allotment/transfer of Equity Shares;
18. Determining the price at which Equity Shares are offered or issued/allotted to investors in the Issue;
19. Opening with the bankers to the Issue, escrow collection banks and other entities such accounts as are required under the SEBI ICDR Regulations and any other applicable laws, regulations, policies and guidelines.
20. Authorizing and empowering each of Mr. Hitesh Jobalia and/or Ms. Neha Salia, officers of the Company (each, an "Authorized Officer"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or advisable, in connection with the Issue, including, without limitation, engagement letter(s), any memoranda of understanding, the listing agreements, the registrar's agreement, the depositories agreements, the issue agreement with the book running lead manager (and other entities as appropriate), the underwriting agreement, the syndicate agreement and the escrow agreement, with the book running lead managers, co-book running lead managers, syndicate members, placement agents, bankers to the Issue, registrar to the Issue, bankers to the Company, managers, underwriters, guarantors, escrow agents, monitoring agencies, credit rating agencies, accountants, auditors, legal counsel, depositories, trustees, custodians, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue, if any; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing and any document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Authorized Officer and the Company;



21. Authorizing any Authorized Officer to severally take any and all actions in connection with obtaining approvals (or entering into any arrangement or agreement in respect thereof) in connection with the Issue, including, but not limited to, approvals from the shareholders of the Company, the Foreign Investment Promotion Board, the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India, the Registrar of Companies, and the stock exchanges and that any such action already taken or to be taken is hereby ratified, confirmed and/or approved as the act and deed of the Authorized Officer and the Company, as the case may be;
22. Executing and delivering any and all other documents or instruments and doing or causing to be done any and all acts or things as the Initial Public Offering Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Initial Public Offering Committee shall be conclusive evidence of the authority of the Initial Public Offering Committee in so doing.
23. To secure the attendance of outsiders with relevant expertise, if it considers necessary;
24. Settling all questions, difficulties or doubts that may arise in relation to the Initial Public Offering as it may in its absolute discretion deem fit; and
25. Submitting undertakings/certificates or providing clarifications to the SEBI and the relevant stock exchanges where Equity Shares of our Company are to be listed.

The Initial Public Offering Committee has been constituted with the following Directors:

Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Hitesh Jobalia	Chairman	Managing Director
2.	Mr. Nimesh Shah	Member	Whole Time Director
3.	Mr. Kirti Doshi	Member	Whole Time Director

Ms. Neha Salia will act as the secretary of the Initial Public Offering Committee.

## **TREASURY COMMITTEE**

In addition, our Company has also constituted a Treasury Committee, the details of which are as follows:

The Treasury Committee has been formed by the Board of Directors at the meeting held on September 20, 2010.

The terms of reference of our Treasury Committee are given below:

- (i) To exercise the powers of borrowings by obtaining or restructuring various credit facilities namely Cash Credit, Overdraft, term loan, bills discounting, cheque purchasing, packing credit etc. for such amount as may be fixed by the Board of Directors from time to time within the limit fixed by the shareholders in pursuance of Section 293 of the Act.
- (ii) To finalise, sign, execute and deliver Loan agreements, Deeds creating the charge on the property and assets of the Company and such other documents, supplemental deeds, instruments and other writings and to agree or accept such modifications thereto as may be suggested by the lenders or their trustees, agents or advisors.
- (iii) To negotiate the terms and conditions of the sanction letter or the loan agreement or any agreement governing the terms and conditions of the borrowings.
- (iv) To do all such acts, deeds and all things as may be required or considered necessary for the purposes of availing of all kinds of credit Facilities.
- (v) To create, for the purposes of securing the Facilities, all kinds of charge, encumbrances, mortgage, hypothecation within the overall limits approved / to be approved by the shareholders under Section 293(1)(a) of the Companies Act, 1956:
- (vi) To approve and finalise, sign, execute and deliver such other agreements, deeds, undertakings, indemnity and documents as may be required by the banks or financial institutions in connection with the Facilities availed.

The Treasury Committee has been constituted with the following Directors:

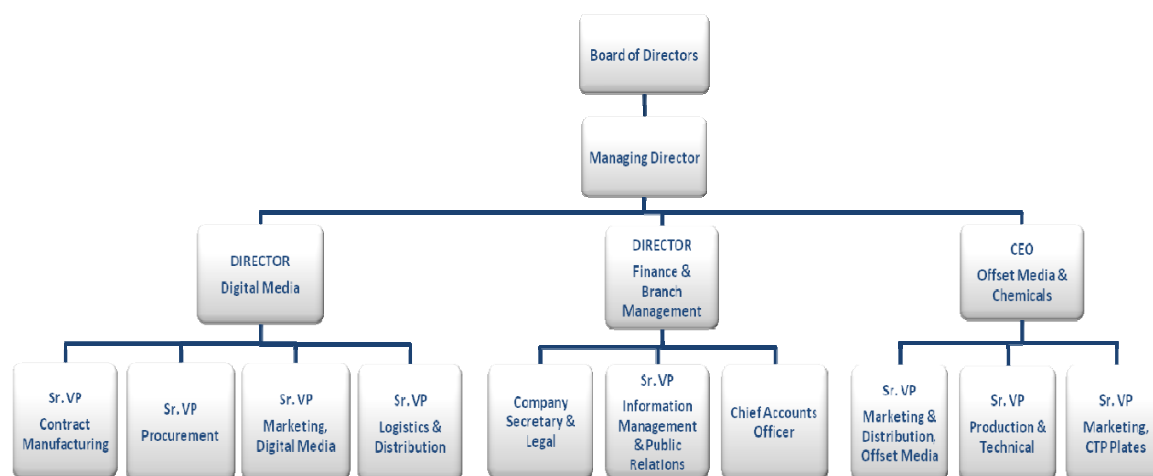


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Sr. No.	Name	Designation	Nature of Directorship
1.	Mr. Hitesh Jobalia	Chairman	Managing Director
2.	Mr. Nimesh Shah	Member	Whole Time Director
3.	Mr. Kirti Doshi	Member	Whole Time Director

Ms. Neha Salia will act as the secretary of the Treasury Committee.

## ORGANISATIONAL CHART OF OUR COMPANY



## KEY MANAGERIAL PERSONNEL

The key managerial personnel of our Company other than our Executive Directors are as follows:

Sr. No.	Name & Age	Functional Responsibility and designation	Date of joining our Company
1)	Mr. Jaishankar Sthanumurthy* Age: 49 years	CEO of Amprochem Private Limited, Offset Media & Chemicals	October 31, 1997
2)	Mr. Ravi Subramaniam* Age: 51 years	Senior Vice President, Production and Technical	January 31, 1990
3)	Mr. Bhavesh Domadia Age: 40 years	Senior Vice President, Procurement	August 20, 2007
4)	Mr. Murali Attili* Age: 49 years	Senior Vice President, Marketing & Distribution, Offset Media	January 31, 1990
5)	Mr. Nilesh Thole Age: 35 years	Senior Vice President, Marketing, Digital Media	April 01, 2006
6)	Mr. Prashant Menon Age: 28 years	Senior Vice President, R&D and Contract Manufacturing	October 01, 2010
7)	Mr. Rajesh Dadia Age: 54 years	Senior Vice President, Marketing, CTP Plates	September 01, 2010
8)	Mr. Pankaj Jobalia Age: 47 years	Senior Vice President, Logistics & Distribution	October 01, 2010
9)	Mr. Ramesh Gondal Age: 44 years	Chief Accounts Officer	April 01, 2008
10)	Mr. Jaspal Singh Age: 30 years	Senior Vice President, Information Management and Public Relations	October 01, 2010
11)	Ms. Neha Salia Age: 23 years	Company Secretary and Compliance Officer	September 27, 2010

**Notes:**

- Except Mr. Ravi Subramanian, Mr. Jaishankar Sthanumurthy and Mr. Murali Attili all our Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees. However, the aforementioned persons are employees of our Subsidiary, Amprochem Private Limited. The dates of joining as disclosed above, are accordingly, the dates of their joining Amprochem Private Limited.
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18 except as except as stated in the annexure titled “*Statement of Related Party Transactions, as Restated*” on page 218 of the Draft Red Herring Prospectus.

**The details of our Key Managerial Personnel are set out below:**

**1) Mr. Jaishankar Sthanumurthy** is the CEO, Offset Media & Chemicals. Mr. Sthanumurthy has obtained a Bachelor’s degree in Commerce from Mumbai University. He is a member of the Institute of Chartered Accountants of India. Mr. Sthanumurthy has 27 years of experience and prior to joining our Company he was associated with Indian Airlines Limited as Manager (Finance). Mr. Sthanumurthy currently leads the offset media and chemicals business and is involved in financial planning and strategizing. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2010 was ₹ 1.98 mn. which was paid by our Company’s subsidiary Amprochem Private Limited.

**2) Mr. Ravi Subramanian** is the Senior Vice President, Production and Technical. Mr. Subramanian has obtained a Bachelor’s degree in Chemical Engineering from Banaras Hindu University. Mr. Subramanian has 26 years of experience and, prior to joining our Company, was associated with Grauer & Weil (India) Limited as Project Engineer. Mr. Subramanian’s current role is product development and testing and developing technical know-how in production of printing chemicals. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2010 was ₹ 1.62 mn. which was paid by Amprochem Private Limited.

**3) Mr. Bhavesh Domadia** is the Senior Vice President, Procurement. Mr. Domadia has obtained a Bachelor’s degree in Commerce from Mumbai University. Mr. Domadia has 16 years of experience and, prior to joining our Company, he was running a sole proprietorship, M/s. Padmavati Impex, which was dealing in import licenses and export & import consultancy. Mr. Domadia’s current role in our Company is of vendor management and supplier relations. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2010 was ₹ 0.90 mn.

**4) Mr. Murali Attili** is the Senior Vice President, Marketing Offset Media. Mr. Attili has obtained a Bachelors degree in Economics from Chennai University and holds a Diploma in Printing Technology from Maharashtra Institute of Printing Technology, Pune. Mr. Attili has 28 years of experience and, prior to joining our Company, was associated with Technova Imaging Systems Private Limited as Technical Sales Executive. Mr. Attili’s current role in our Company is sales & marketing, product development and brand building in the area of offset media and handles the exports of our Company’s subsidiary, Amprochem Private Limited. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2010 was ₹ 2.10 mn. which was paid by Amprochem Private Limited.

**5) Mr. Nilesh Thole** is the Senior Vice President, Marketing, Digital Media. Mr. Thole has obtained a Bachelor’s degree in Commerce from University of Pune. Mr. Thole has 15 years of experience and prior to joining our Company was running his own proprietary concern called AON Trade and Marketing Private Limited. Mr. Thole’s current role in our Company is marketing and providing technical support in area of digital media. The remuneration paid to him, inclusive of perquisites and other benefits, in Fiscal 2010 was ₹ 1.21 mn.

**6) Mr. Prashant Menon** is the Senior Vice President, R & D and Contract Manufacturing. Mr. Menon has obtained a Bachelor’s degree in Commerce from Mumbai University and holds a six sigma green belt certification from All India Institute of Quality Management. Mr. Menon has 9 years of experience and, prior to joining our Company, was associated with Spanco TeleSystems and Solutions Limited. Mr. Menon was formerly a consultant of our Company and is an employee of our Company from October 01, 2010. Mr. Menon is currently involved in research & development and product development in association with the ODMs. The professional fee paid to him in Fiscal 2010 was ₹ 0.90 mn.

**7) Mr. Rajesh Dadia** is the Senior Vice President, Marketing CTP Plates. Mr. Dadia has obtained a Bachelor’s degree in Commerce from Sardar Patel University. Mr. Dadia has 30 years of experience and, prior to joining our Company, was associated with Atasi Overseas Private Limited as Director. Mr. Dadia’s current role in our

Company is managing customer relations and sales of CTP plates nationwide. The director's remuneration paid to him, inclusive of perquisites and other benefits, in Fiscal 2010 was ₹ 2.28 mn.

**8) Mr. Pankaj Jobalia** is the Senior Vice President, Logistics & Distribution. Mr. Jobalia has obtained a Bachelor's degree in Commerce from Mumbai University. Mr. Jobalia has 27 years of experience and, prior to joining our Company, was associated with S. Rajiv Manufacturing Company as Technical Director. Mr. Jobalia was formerly a consultant to our Company and is an employee of our Company from October 01, 2010. His current role in our Company is managing logistics and distribution of goods to all our branches. The professional fee paid to him in Fiscal 2010 was ₹ 0.90 mn.

**9) Mr. Ramesh Gondal** is the Chief Accounts Officer. Mr. Gondal has completed Bachelor's degree in Commerce from Mumbai University. Mr. Gondal has twenty two years of experience in accounts and prior to joining our Company was associated with M/s. Max Traders. The remuneration paid to him, inclusive of perquisites and other benefits, in Fiscal 2010 was ₹ 0.40 mn.

**10) Mr. Jaspal Singh** is the Senior Vice President, Information Management and Public Relations. Mr. Singh holds a Higher Diploma in Software Engineering. Mr. Singh has 10 years of experience in information technology of designing and restructuring business processes and designing and implementing software solutions. Prior to joining our Company, was associated with Spanco TeleSystems and Solutions Limited as Project Manager, IT. Mr. Singh was formerly a consultant to our Company and is an employee of our Company from October 01, 2010. His current role in our Company is indentifying and implementing the information technology processes and managing public relations of our Company. The professional fee paid to him in Fiscal 2010 was ₹ 0.90 mn.

**11) Ms. Neha Salia** is the Company Secretary and Compliance Officer. Ms. Salia has obtained a Bachelor's degree in Commerce from Narsee Monjee College, Mumbai. Ms. Salia is a member of Institute of Company Secretaries of India. Prior to joining our Company, she was associated with Procter & Gamble Hygiene and Health Care Limited as Management Trainee. Ms. Salia's current role in our Company is looking after the secretarial affairs of our Company. As Ms. Salia has been appointed in Fiscal 2011, no remuneration was paid to her in Fiscal 2010.

### Interests of Key Management Personnel

None of our Key Management Personnel are interested in our Company except to the extent of their shareholding, if any, in our Company and the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

### Details of service contracts of our Key Managerial Personnel

Except for the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company.

### Shareholding of Key Managerial Personnel

The following table sets forth the shareholding of our Key Managerial Personnel as on date of the Draft Red Herring Prospectus:

Sr. No.	Name	Numbers of Equity Shares Held	Percentage (%) Pre-Issue holding
1.	Mr. Pankaj Jobalia	75,000	0.61
2.	Mr. Rajesh Dadia	75,000	0.61
3.	Mr. Bhavesh Domadia	30,000	0.25
4.	Mr. Jaishankar Sthanumurthy	30,000	0.25
5.	Mr. Murali Attili	30,000	0.25
6.	Mr. Ravi Subramanian	30,000	0.25
7.	Mr. Jaspal Singh	3,750	0.03
8.	Mr. Prashant Menon	3,750	0.03
9.	Mr. Ramesh Gondal	1,500	0.01
10.	Mr. Niles Thole	1,500	0.01
11.	Ms. Neha Salia	Nil	Nil

### Bonus or profit sharing plan for Key Managerial Personnel

Our Company does not offer any bonus or profit sharing plan to its Key Managerial Personnel, as on the date of the Draft Red Herring Prospectus.

### Payment of Benefits to Officers of our Company

Except as disclosed in the Draft Red Herring Prospectus, and other than statutory payments and remuneration, in the last two years our Company has not paid or intended to pay any sum to its employees in connection with superannuation payments and ex-gratia/rewards and has not paid or has intended to pay any non-salary amount or benefit to any of its officers. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors.

### Change in our Key Managerial Personnel

Changes in the Key Managerial Personnel of our Company in the last three years are as follows:

Sr. No.	Name	Designation	Date of Joining	Date of Resignation
1.	Mr. Ramesh Gondal	Chief Accounts Officer	October 01, 2008	NA
2.	Mr. Jaspal Singh	Vice President, Information Management and Public Relations	October 01, 2010	NA
3.	Mr. Prashant Menon	Vice President, Public Relations	October 01, 2010	NA
4.	Ms. Neha Salia	Company Secretary/Compliance Officer	September 27, 2010	NA
5.	Mr. Rajesh Dadia	Vice President, CTP Plates	September 01, 2010	NA
6.	Mr. Pankaj Jobalia	Vice President, Logistics & Distribution	October 01, 2010	NA

### Employees

We believe that a motivated and empowered employee base is integral to our competitive advantage. The following is a department wise break-up of our employees as on October 31, 2010.

Sr. No.	Department	Number of employees
1.	Sales, Marketing and Logistics	138
2.	Accounts, Finance and Legal	59
3.	Procurement and Stores Department	18
4.	Technical	14
5.	Administration	36
6.	Senior Management	6
	<b>Total</b>	<b>271</b>

### Employees Stock Option Scheme

Our Company does not have any employees' stock option plan/ scheme as on the date of the Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are:

1. Mr. Hitesh Jobalia;
2. Mr. Nimesh Shah; and
3. Mr. Kirti Doshi.

The brief profiles of our Promoters are as follows:



**Mr. Hitesh Jobalia**, aged 44 years, is the Promoter and Managing Director of our Company. He holds a Bachelors degree in Commerce from Mumbai University. He has 25 years of experience in manufacturing and marketing of printing consumables and is a third generation entrepreneur in the industry of printing consumables.

In 1984, Mr. Hitesh Jobalia joined the business of M/s. Max Traders, a partnership firm established in 1967 by his family which was involved in the business of marketing of paper and printing consumables. To further capitalize on the opportunities developing in this industry, he forayed into the business of processing of flex and importing other printing consumables. To fructify his vision of being a reliable and leading player in our industry, he promoted and incorporated our Company. He spearheads our Company and is instrumental in establishing the “MAXXX – Generation Next” brand. His current responsibilities include strategic planning, marketing, research and development, as also to analyze the feasibility of products new to the Indian markets, for marketing in India. He has been awarded the “Udyog Rattan” award by the Economic Review, New Delhi in the year 2009.

<b>Driving License No.</b>	:	MH01- 90- 17268
<b>Voter Identification number</b>	:	JRW0849539
<b>Address</b>	:	Flat Number A/101, Simla House, Napean Sea Road, Mumbai – 400 036, Maharashtra, India



**Mr. Nimesh Shah**, aged 46 years, is the Promoter and Whole Time Director of our Company. He holds a Bachelors degree in Commerce from Mumbai University. He has over 15 years of experience in the printing consumables industry.

Mr. Nimesh Shah steers our Company’s digital printing consumables business, including flex operations. His initiatives in identifying and developing key alliances with ODMs and channel partners are important to our business development endeavours. He oversees our Company’s efforts in the areas of new market development and managing corporate customers.

<b>Driving License No.</b>	:	MH01 20090007337
<b>Voter Identification number</b>	:	Not available
<b>Address</b>	:	Flat Number 105/ A, Simla House, Napean Sea Road, Mumbai – 400 036, Maharashtra, India



**Mr. Kirti Doshi**, aged 48 years, is the Promoter and Whole Time Director of our Company. He has completed his second year of Bachelors degree in Commerce from Mumbai University. He has over 20 years of experience in manufacturing, primarily in the textile industry.

Mr. Kirti Doshi's role in our Company is in the areas of finance, distribution and overview of branch operations. Specifically, Mr. Doshi is involved in budgeting, inventory control, warehousing and branch operations, installing systems, rules and regulations to ensure smooth operations.

<b>Driving License No.</b>	:	MH01 20090013019
<b>Voter Identification number</b>	:	MT/04/024/0129408
<b>Address</b>	:	Flat Number 62, 6 <sup>th</sup> Floor, Brij Kutir Co- operative Housing Society Limited, off Rungta Lane, Napean Sea Road, Mumbai – 400 036, Maharashtra, India

For further details of our Promoters, please refer to the section titled '*Our Management*' beginning on page 169 of the Draft Red Herring Prospectus.

Our Company undertakes that the details of the Permanent Account Number, bank account number and passport number of all of our Promoters will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Our Promoters have limited experience in the proposed line of activities to be financed by the Issue Proceeds. However, towards this end, our Company has entered into a Technical Assistance Agreement dated November 03, 2010 with Shanghai Lanquan Plastic Products Company Limited. Furthermore, our Company will also receive assistance from Advanced Ink Technology Company Limited, South Korea, whereby our Company will receive technology inputs for the manufacturing activities to be undertaken as part of the Objects of the Issue. For further details, please see the chapters titled "*History and Other Corporate Matters*" and "*Objects of the Issue*" on pages 157 and 69 of the Draft Red Herring Prospectus.

#### **Relationship of Promoters with each other and with our Directors**

None of our Promoters are relatives (as defined in the Companies Act) of each other or of any of our Directors. However, Mr. Hitesh Jobalia's wife and Mr. Kirti Doshi's wife are sisters and Mr. Hitesh Jobalia and Mr. Kirti Doshi are related to each other accordingly.

#### **Changes in Promoters in the past five years**

Mr. Hitesh Jobalia and Mr. Nimesh Shah along with Mr. Vasant Khopade were the original promoters and the first Directors of our Company.

Mr. Vasant Khopade was one of the first Directors of our Company and held 597,018 equity shares of our Company as on March 30, 2008. Mr. Vasant Khopade ceased to be a Director of our Company with effect from October 01, 2008 and, with effect from March 31, 2008 transferred his entire shareholding in our Company to Mr. Hitesh Jobalia for total consideration of ₹ 5,970,180.00. Thereafter Mr. Vasant Khopade ceased to be a Promoter of our Company.

Mr. Kirti Doshi was appointed as additional Director of our Company on April 01, 2006. On March 29, 2008 Mr. Kirti Doshi acquired 359,391 equity shares of our Company for total consideration of ₹ 3,593,910.00. Mr. Kirti Doshi is accordingly a Promoter of our Company with effect from March 29, 2008.

The provisions of the SEBI Takeover Regulations as also the listing agreements were not applicable to our Company, during the time when changes in our promoters as described hereinabove occurred.

#### **Common Pursuits**



As on the date of the Draft Red Herring Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company has entered into related party transactions in the ordinary course of business. For details of the same, please refer to the annexure titled “*Statement of Related Party Transactions, as Restated*” under Chapter titled “*Financial Statements*” on page 192 of the Draft Red Herring Prospectus.

### **Interest of Promoters**

Our Promoters are interested in our Company to the extent that they have promoted our Company, to the extent of their shareholding, for which they are entitled to receive the dividend declared and other distributions in respect of Equity Shares, if any, by our Company.

Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act, terms of the Articles and their terms of appointment.

Our Promoters are also directors on the boards or are members, or are a partner of our Group Entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Companies.

Our Promoters may be deemed to be interested to the extent of the Equity Shares held by them, their friends and relatives, and benefits arising from his holding directorship/ employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Except as stated in ‘*Statement of Related Party Transactions, as Restated*’ beginning on page 218 under Chapter titled “*Financial Statements*” beginning on page 192 of the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them including the properties purchased by our Company other than in the normal course of business.

Our Promoters and their immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of the Draft Red Herring Prospectus.

### **Payment or Benefit to our Promoters in the last two years**

Except as mentioned in this chapter, in the section titled “*Our Management*” and in the section titled “*Financial Statements*” beginning on pages 169 and 192 respectively, of the Draft Red Herring Prospectus no payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Red Herring Prospectus.

There is no bonus plan for our Promoters. Except as disclosed in the section titled “*Our Management*” of the Draft Red Herring Prospectus, our Promoters are not entitled to a profit- sharing plan.

### **Other Ventures of our Promoters**

Save and except as disclosed in the chapter titled “*Our Group Entities*” beginning on page 247 of the Draft Red Herring Prospectus, there are no other ventures of our Promoters in which they have business interests/other interests.

### **Interest in the Property of our Company**

Except the rent received from our Company for using the properties as mentioned under the paragraph titled “*Property*” under the chapter titled “*Our Business*” beginning on page 111 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

None of our Promoters are interested in acquisition of the land on which the Project is proposed to be developed, in the civil construction and/or supply of machinery etc for the Project.

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## **Related Party Transactions**

For details on our related party transactions please refer to the paragraph titled “*Property*” in the section titled “*Our Business*” beginning on page 111 and the paragraph titled “*Interest of Directors*” under the section titled “*Our Management*” beginning on page 169 and in the Annexure XIII under the section titled “*Financial Statements*” beginning on page 192 of the Draft Red Herring Prospectus.

## **Other confirmations**

Our Promoter and Promoter Group confirm that they have not been declared as a wilful defaulter by RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Our Promoter, Promoter Group, Group Entities or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group or Group Entities or the Companies with which our Promoter is or was associated as a promoter have not been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

## **Promoter Group**

Our Promoter Group includes such persons and entities constituting our promoter group in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations.

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## **DIVIDEND POLICY**

Dividends, other than interim dividends, will be declared at the AGM of our shareholders based on the recommendation of our Board of Directors. Our Board may, at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company's future expansion plans and capital requirements, profits earned during the Fiscal, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time, legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

Our Company has not, since incorporation, declared dividends. Our Company's corporate actions pertaining to payment of dividends since incorporation are not to be taken as being indicative of the payment of dividends by our Company in the future.

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## SECTION VII - FINANCIAL INFORMATION

### AUDITORS REPORT

To,  
The Board of Directors,  
Max Flex & Imaging Systems Limited.  
(Formerly known as Silver Digigraph Private Limited)  
102, Prime Plaza, J.V. Patel Compound,  
Balasaheb, Madhurkar Marg, Elphinstone (West),  
Mumbai – 400 013.

Dear Sirs,

We have examined the attached restated standalone financial information of **Max Flex & Imaging Systems Limited**, prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus being issued by the Company in connection with the Initial Public Offering (the “IPO”). This financial information has been prepared in accordance with the requirements of:

1. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the amendment thereof;
2. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India ('SEBI') and the related amendments thereto issued by the SEBI pursuant to section 11 of the Securities and Exchange Board of India Act, 1992, as amended to date;
3. The Revised Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
4. The terms of our letter of engagement requesting us to carry out work in connection with the terms of proposed issue of Equity Shares of the Company as aforesaid.

#### **I. Financial Information as per Audited Standalone Financial Statements**

A. We have examined:

1. The attached ‘Restated Standalone Summary Statement of Assets and Liabilities’ of the Company as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 (Annexure I);
2. The attached ‘Restated Standalone Summary Statement of Profits and Losses’ of the Company for the financial years ended March 31, 2006, 2007, 2008, 2009, 2010 and three months period ended June 30, 2010 (Annexure II);
3. The attached ‘Restated Standalone Summary Statement of Cash Flows’ of the Company for the financial years ended March 31, 2006, 2007, 2008, 2009, 2010 and three months period ended June 30, 2010 (Annexure III);
4. The significant accounting policies and notes to accounts as at and for the period ended on June 30, 2010 and notes to adjustments carried out in the Restated Standalone Summary Statement (Annexure IV);

-together referred to as the “Restated Standalone Summary Statements”

B. The Restated Standalone Summary Statements of the Company have been extracted from the audited financial statements for the financial years ended March 31, 2006, 2007, 2008, 2009, 2010 which have been approved by the Board of Directors and adopted by the Members of the Company at the respective

Annual General Meetings and from the audited financial statements for three months period ended June 30, 2010, which have been approved by the Board of Directors;

- C. Audit of the financial statements for the financial periods ended March 31, 2006, 2007, 2008, 2009, 2010 and three months period ended June 30, 2010 was conducted by us.
- D. In accordance with the requirements of Paragraph B of Part II of schedule II of the Act, SEBI ICDR Regulations and terms of our engagement agreed with you, we report that:
- i. The Restated Standalone Summary Statements have been arrived after making such adjustments/ restatements and regrouping as in our opinion were appropriate, are subject to and are more fully described in Annexure IV to the report.
  - ii. The Restated Standalone Summary Statements have been restated with retrospective effect to reflect the significant accounting policies adopted by the Company as at June 30, 2010.
  - iii. Based on our examination of these Restated Standalone Summary Statements, we confirm that the restated summary statements have been made after incorporating:
    1. The impact arising on account of changes in accounting policies from those adopted by the Company for the three months period ended June 30, 2010 has been adjusted with retrospective effect in the attached Restated Standalone Summary Statements referred to Annexure V;
    2. Material amounts relating to previous years have been adjusted in the Restated Standalone Summary Statements in the years to which they relate;
    3. There are no extraordinary items which need to be disclosed separately in the Restated Standalone Summary Statements; and
    4. There were no qualifications, quantitative or non-quantitative in nature, in auditors' report for financial years ended March 31, 2006, 2007, 2008, 2009, 2010 and three months period ended June 30, 2010 except as mentioned in point no 13 of notes to accounts under Annexure IV.
- E. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2010.

## **II. Other Standalone Financial Information of the Company as per Audited Standalone Financial Statements:**

We have also examined the following financial information of the Company as at and for the financial years ended on March 31, 2006, 2007, 2008, 2009, 2010 and three months period ended June 30, 2010 proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report:

- |  |               |
|--|---------------|
| 1. Reconciliation statement of Profit & Loss after due to restatements and other material adjustments made to audited financial statements | Annexure V    |
| 2. Statement of Accounting Ratios, as Restated   | Annexure VI   |
| 3. Capitalization Statement as at June 30, 2010, as Restated   | Annexure VII  |
| 4. Statement of Secured Loans, as Restated   | Annexure VIII |
| 5. Statement of Unsecured Loans, as Restated   | Annexure IX   |
| 6. Statement of Sundry Debtors, as Restated  | Annexure X    |
| 7. Statement of Investments, as Restated   | Annexure XI   |
| 8. Statement of Dividend Paid, as Restated   | Annexure XII  |
| 9. Statement of Related Party Transactions, as Restated  | Annexure XIII |
| 10. Statement of Tax Shelters  | Annexure XIV  |

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In our opinion, the "Financial Information" and "Other Standalone Financial Information" as disclosed in this report as referred to above, read with respective Significant Accounting Policies and Notes to Restated Standalone Summary Statements as set out in Annexure IV, and prepared after making the adjustments/ restatements and regrouping as considered appropriate, have been prepared in accordance with B(1) of Part II of Schedule II of the Act and the SEBI ICDR Regulations as amended from time to time.

This report should not be in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Initial Public Offering of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent. We hereby give our consent to include this report in the Draft Red Herring Prospectus of the Company.

Yours Faithfully

**For D. Kothary & Co.**  
(Chartered Accountants)  
Firm Registration No.: 105335W

Vipul N. Chauhan  
Partner  
Membership No.: 47846  
Place: Mumbai  
Date: November 23, 2010

**ANNEXURE I:**  
**RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

(₹ in mn.)

Particulars	As at					
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>A Fixed Assets</b>						
Gross Block	10.78	16.47	97.61	167.77	321.75	331.75
Less: Depreciation	(0.23)	(0.74)	(4.48)	(9.26)	(20.87)	(25.30)
Less : Amortization	-	-	-	(4.71)	(9.42)	(10.60)
Net Block	10.55	15.73	93.13	153.80	291.46	295.85
Capital Work in Progress	0.07	-	-	84.98	-	-
<b>Total Fixed Assets (A)</b>	<b>10.62</b>	<b>15.73</b>	<b>93.13</b>	<b>238.78</b>	<b>291.46</b>	<b>295.85</b>
<b>B Investments (B)</b>	<b>-</b>	<b>-</b>	<b>0.60</b>	<b>1.95</b>	<b>7.65</b>	<b>9.30</b>
<b>C Current Assets, Loans &amp; Advances</b>						
Inventories	20.44	30.46	196.71	347.48	513.39	542.88
Sundry Debtors	81.50	148.41	449.59	605.32	1,023.99	1,164.83
Cash and bank Balance	0.27	1.27	8.93	16.40	27.61	14.57
Loans and Advance	7.55	14.28	55.57	131.81	286.50	257.16
<b>Total (C )</b>	<b>109.76</b>	<b>194.42</b>	<b>710.80</b>	<b>1,101.01</b>	<b>1,851.49</b>	<b>1,979.44</b>
<b>D Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>120.38</b>	<b>210.15</b>	<b>805.53</b>	<b>1,341.74</b>	<b>2,150.60</b>	<b>2,263.59</b>
<b>E Liabilities &amp; Provisions</b>						
Secured Loans	53.53	121.39	479.69	824.81	1,110.46	1,102.51
Unsecured Loans	6.18	8.95	9.95	75.05	30.93	12.79
Current Liabilities	54.57	61.55	163.90	158.96	445.12	516.30
Provisions	0.83	3.41	24.52	65.75	139.63	162.77
Deferred Tax liability	0.30	0.34	-	2.53	10.13	11.02
<b>Total (E)</b>	<b>115.41</b>	<b>195.64</b>	<b>678.06</b>	<b>1,127.10</b>	<b>1,736.27</b>	<b>1,805.39</b>
<b>F Net Worth (A+B+C+D-E)</b>	<b>4.97</b>	<b>14.51</b>	<b>127.47</b>	<b>214.64</b>	<b>414.33</b>	<b>479.20</b>
<b>REPRESENTED BY:</b>						
Equity Share Capital	1.10	7.59	79.20	79.73	81.00	81.00
Share Application Money	0.50	-	2.00	3.50	-	-
Total Reserves and Surplus	3.37	6.92	46.27	131.41	333.33	398.20
<b>Net Worth</b>	<b>4.97</b>	<b>14.51</b>	<b>127.47</b>	<b>214.64</b>	<b>414.33</b>	<b>479.20</b>



**ANNEXURE II:  
RESTATED STANDALONE SUMMARY STATEMENT OF PROFITS & LOSSES**

Particulars	For The Year Ended					(₹ in mn.) For three months ended June 30, 2010
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	
<b>INCOME</b>						
<b>Sales</b>						
Of Products Contract Manufactured By The Company	119.72	240.64	898.58	1,637.52	2,759.75	874.56
Of Products Traded By The Company	46.47	116.42	132.26	564.21	348.07	78.70
<b>Total Sales</b>	<b>166.19</b>	<b>357.06</b>	<b>1,030.84</b>	<b>2,201.73</b>	<b>3,107.82</b>	<b>953.26</b>
Other Income	0.12	-	0.35	2.30	2.87	0.50
<b>Total Income</b>	<b>166.31</b>	<b>357.06</b>	<b>1,031.19</b>	<b>2,204.03</b>	<b>3,110.69</b>	<b>953.76</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	151.73	323.05	865.65	1,847.12	2,557.33	761.51
Administrative Expenses	2.68	6.43	40.44	48.09	56.75	29.58
Staff Cost	6.27	10.28	31.03	46.27	69.64	19.18
Selling & Distribution Expenses	0.55	1.34	13.00	12.14	21.68	5.45
Finance and Interest Charges	3.30	9.33	39.99	110.53	113.41	36.54
<b>Total Expenditure</b>	<b>164.53</b>	<b>350.43</b>	<b>990.11</b>	<b>2,064.15</b>	<b>2,818.81</b>	<b>852.26</b>
<b>Profit before Depreciation and Tax</b>	<b>1.78</b>	<b>6.63</b>	<b>41.08</b>	<b>139.88</b>	<b>291.88</b>	<b>101.50</b>
Depreciation & Amortization	0.10	0.51	2.19	9.50	17.14	5.62
<b>Profit Before Tax</b>	<b>1.68</b>	<b>6.12</b>	<b>38.89</b>	<b>130.38</b>	<b>274.74</b>	<b>95.88</b>
<b>Provision For Taxation</b>						
Current Tax	0.60	2.52	17.02	41.84	88.50	30.13
Deferred Tax	0.21	0.04	(2.18)	3.53	7.60	0.89
<b>Restated Net Profit after Tax</b>	<b>0.87</b>	<b>3.56</b>	<b>24.05</b>	<b>85.01</b>	<b>178.64</b>	<b>64.86</b>

**ANNEXURE III:  
RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOW**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>(A) Cash Flow From Operating Activities</b>						
Net Profit Before Tax and Extraordinary Items	1.68	6.12	38.89	130.38	274.74	95.88
<b>Adjustments for:</b>						
Depreciation / Amortization	0.10	0.51	2.19	9.50	17.14	5.62
Interest Income	(0.12)	-	(0.33)	(0.87)	(1.44)	(0.05)
Profit on Sale of Investment	-	-	-	-	(0.60)	-
Finance and Interest Charges	3.30	9.33	39.99	110.53	113.41	36.54
Loss on Sale of Assets	-	-	-	-	0.61	-
Provision for Gratuity	0.09	0.05	0.82	1.21	1.25	0.38
Foreign Exchange Fluctuation Loss/(Gain)	-	0.96	4.12	0.48	(5.05)	12.51
Miscellaneous expenses written off	-	-	1.12	-	-	-
<b>Operating profits before working capital changes</b>	<b>5.05</b>	<b>16.97</b>	<b>86.80</b>	<b>251.23</b>	<b>400.06</b>	<b>150.88</b>
<b>Adjustments for:</b>						
Decrease / (Increase) in Inventories	(15.59)	(10.03)	(166.24)	(150.77)	(165.92)	(29.51)
Decrease / (Increase) in Sundry Debtors	(64.90)	(66.90)	(301.19)	(155.73)	(418.67)	(140.84)
Decrease / (Increase) in Loans & Advances	(5.63)	(6.54)	(40.78)	(66.33)	(129.99)	49.35
Increase / (Decrease) in Trade Payable & Other Current Liabilities	45.29	6.04	119.63	(7.24)	324.91	67.32
<b>Cash generated from operations</b>	<b>(35.78)</b>	<b>(60.46)</b>	<b>(301.78)</b>	<b>(128.84)</b>	<b>10.39</b>	<b>97.20</b>
Taxes paid	(0.28)	(0.20)	(2.09)	(9.77)	(76.61)	(20.00)
<b>Net cash from Operating Activities (A)</b>	<b>(36.06)</b>	<b>(60.66)</b>	<b>(303.87)</b>	<b>(138.61)</b>	<b>(66.22)</b>	<b>77.20</b>
<b>(B) Cash Flow From Investing Activities</b>						
Purchase of fixed assets	(9.61)	(5.62)	(34.50)	(70.17)	(71.57)	(10.00)
Capital work in progress	(0.07)	-	-	(84.98)	-	-
Sale of Fixed Assets	-	-	-	-	2.57	-
Purchase of Investments	-	-	(0.60)	(1.35)	(7.50)	(1.64)
Interest Income	0.12	-	0.33	0.87	1.44	0.05
Sale of Investment	-	-	-	-	2.40	-
<b>Net cash used for Investing Activities (B)</b>	<b>(9.56)</b>	<b>(5.62)</b>	<b>(34.77)</b>	<b>(155.63)</b>	<b>(72.66)</b>	<b>(11.59)</b>
<b>(C) Cash Flow From Financing Activities</b>						
Proceeds from Issue of Share Capital / Share Application Money	3.50	5.99	26.98	2.02	21.97	-
Net Proceeds/Repayments of loans	45.43	70.62	359.31	410.22	241.53	(42.11)
Finance & Interest Charges	(3.30)	(9.33)	(39.99)	(110.53)	(113.41)	(36.54)
<b>Net cash from Financing Activities (C)</b>	<b>45.63</b>	<b>67.28</b>	<b>346.30</b>	<b>301.71</b>	<b>150.09</b>	<b>(78.65)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>0.01</b>	<b>1.00</b>	<b>7.66</b>	<b>7.47</b>	<b>11.21</b>	<b>(13.04)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>0.26</b>	<b>0.27</b>	<b>1.27</b>	<b>8.93</b>	<b>16.40</b>	<b>27.61</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>0.27</b>	<b>1.27</b>	<b>8.93</b>	<b>16.40</b>	<b>27.61</b>	<b>14.57</b>

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**ANNEXURE IV**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED STANDALONE**  
**SUMMARY STATEMENT**

**A. Significant Accounting Policies**

**1. Method of Accounting**

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the in accordance with the Generally Accepted Accounting Principles (“GAAP”) and Accounting Standards referred to in section 211 (3C) and other provisions of the Companies Act, 1956

**2. Use of estimates**

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the results and estimates are recognized in the period in which the results are known / materialized.

**3. Revenue and Expenditure Recognition**

Income and Expenditure are recognized and accounted on accrual basis.

- (i) Revenue from sale of products is recognized when the risk and reward of ownership of the product is passed on to the customers, which is generally on dispatch of goods. Sales are stated inclusive of Sale/Trade tax
- (ii) Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

**4. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and other directly attributable cost of bringing the assets to its working condition for the intended use.

**5. Depreciation**

Depreciation on fixed assets is provided on straight-line method over useful life of assets at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

**6. Amortization of Intangible Assets**

Brand acquired under the scheme of amalgamation approved by the Honorable High Court is amortized over the period of ten years as per Accounting Standard 26.

Goodwill arising on Amalgamation amortized over the period of five years as per Accounting Standard 14.

**7. Inventories**

Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at Cost or net realizable value, whichever is less.

**8. Accounting for Taxes on Income and Deferred Tax**

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income tax Act, 1961.

Deferred tax resulting from timing differences between accounting and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable

certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Where there is Unabsorbed Depreciation or carry forward loss under tax laws, Deferred Tax Asset are recognized only if there is virtual certainty of realization of Assets.

#### **9. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or at the rates covered by the forward contracts. The exchange differences on conversion are adjusted to:

- a. Cost of Fixed Assets, if the foreign currency liability relates to the fixed assets.
- b. Profit and Loss, if the foreign currency liability relates to these items.
- c. Bank charges, if the foreign currency liability relates to conversion of bank's credit facility into foreign currency.

#### **10. Accounting of Employee Benefits**

The Company has for its employees in India, benefits such as Gratuity and Provident Fund. Provision for gratuity is made on the basis of actuarial valuation and charged to Profit and Loss account. The Company's contribution to the provident fund along with the employee share of provident fund deducted from the salary is paid into Employee Provident Fund of Government of India. The Company's contribution to EPF is charged to revenue.

#### **11. Provisions and Contingent Liabilities**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

#### **12. Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

#### **13. Preliminary & Shares Issue Expenses**

Preliminary expenses and share issue expenses are written off in the years in which incurred.

#### **14. Investments**

Investments are classified into Trade, Unquoted government Bonds and other current investments based on the management's intention at the time of purchase. These investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments, determined separately for each investment. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. The comparison of cost and fair value is done separately in respect of each category of investments.

#### **B. Notes to Accounts**

1. The Previous year's figures have been regrouped and rearranged wherever found necessary. Figures in bracket indicate previous year figures.
2. The balances of sundry debtors and creditors and loans and advances are subject to confirmation. The management however does not expect any material variance.

### 3. Expenditure in foreign Currency :

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Purchases	8.77	70.14	196.32	543.46	763.41	197.20
<b>Total</b>	<b>8.77</b>	<b>70.14</b>	<b>196.32</b>	<b>543.46</b>	<b>763.41</b>	<b>197.20</b>

### 4. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED):

As on above balance sheet dates there are no dues of to Micro, Small and Medium Enterprise suppliers defined under “The Micro Small and Medium Enterprises Development Act 2006”. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

### 5. Deferred Tax:

The Company has recognized deferred tax arising on account of timing differences, being the difference between the taxable incomes and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS 22) – Accounting for Taxes on Income issued by Institute of Chartered Accountants of India.

The major components of Deferred Tax (Assets) / Liabilities arising on account of timing differences are as follows:

(₹ in mn.)

Deferred Tax (Assets) / Liabilities	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>Opening Deferred Tax (Asset) / Liability</b>	<b>0.09</b>	<b>0.30</b>	<b>0.34</b>	<b>(1.00)</b>	<b>2.53</b>	<b>10.13</b>
Add: Opening Deferred Tax Liability of Amalgamating Company	-	-	0.84	-	-	-
Add: Deferred Tax Liability Created During the Year	0.21	0.37	-	3.53	7.60	0.89
Less: Deferred Tax Asset Created During the Year	-	0.33	2.18	-	-	-
<b>Deferred Tax (Asset) / Liability</b>	<b>0.30</b>	<b>0.34</b>	<b>(1.00)</b>	<b>2.53</b>	<b>10.13</b>	<b>11.02</b>

### 6. Amortization:

Brand – ‘MAXXX – Generation Next’ valued at ₹ 7.50 Millions which was acquired under the scheme of amalgamation approved by the Honorable High Court and is amortized over the period of ten years as per Accounting Standard 26. Goodwill arising on Amalgamation is ₹ 4.81 Millions amortized over the period of five years as per Accounting Standard 14.

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Amortization of Brand ‘MAXXX – Generation Next’	-	-	-	3.75	3.75	0.93
Amortization of Goodwill	-	-	-	0.96	0.96	0.24

## 7. Quantities Details

Particular	March 31, 2006		March 31, 2007		March 31, 2008		March 31, 2009		March 31, 2010		June 30, 2010	
	Qty	Units	Qty	Units	Qty	Units	Qty	Units	Qty	Units	Qty	Units
<b>Opening Stock</b>												
Printing Media	883	Roll / Sheet	6,216	Roll / Sheet	15,154	Roll / Sheet	96,081	Roll / Sheet	106,437	Roll / Sheet	181,101	Roll / Sheet
Chemicals & Inks	-	-	-	-	-	Liter s	135,661	Liters	352,550	Liter	180,133	Liter
Films	223	Rolls	606	Rolls	19,120	Rolls	8,278	Rolls	30,718	Rolls	16,046	Rolls
Plates	-	-	-	Pcs	94,156	Pcs	530,832	Pcs	284,275	Pcs	443,023	Pcs
<b>Inward</b>												
Printing Media	44,456	Roll / Sheet	179,372	Roll / Sheet	559,971	Roll / Sheet	645,848	Roll / Sheet	875,638	Roll / Sheet	256,374	Roll / Sheet
Chemicals & Inks	-	-	-	-	758,899	Liter s	1233,245	Liters	956,480	Liter	446,583	Liter
Films	3,482	Rolls	26,146	Rolls	85,790	Rolls	133,671	Rolls	103,070	Rolls	192,847	Rolls
Plates	-	-	166,450	Pcs	581,819	Pcs	1895,959	Pcs	3877,415	Pcs	322,052	Pcs
<b>Outward</b>												
Printing Media	39,123	Roll / Sheet	170,434	Roll / Sheet	479,044	Roll / Sheet	635,492	Roll / Sheet	800,974	Roll / Sheet	229,826	Roll / Sheet
Chemicals & Inks	-	-	-	-	623,238	Liter s	1016,356	Liters	1128,897	Liter	213,637	Liter
Films	3,099	Rolls	7,632	Rolls	96,632	Rolls	111,231	Rolls	117,742	Rolls	90,480	Rolls
Plates	-	-	72,294	Pcs	145,143	Pcs	2142,516	Pcs	3718,667	Pcs	628,491	Pcs
<b>Closing Stock</b>												
Printing Media	6,216	Roll / Sheet	15,154	Roll / Sheet	96,081	Roll / Sheet	106,437	Roll / Sheet	181,101	Roll / Sheet	207,649	Roll / Sheet
Chemicals & Inks	-	-	-	-	135,661	Liter s	352,550	Liters	180,133	Liter	413,079	Liter
Films	606	Rolls	19,120	Rolls	8,278	Rolls	30,718	Rolls	16,046	Rolls	118,413	Rolls
Plates	-	-	94,156	Pcs	530,832	Pcs	284,275	Pcs	443,023	Pcs	136,584	Pcs

## 8. Segment Reporting:

No reportable segment can be established as the company is engaged only in business of printing consumables and the geographical segments do not satisfy the conditions laid down in Accounting Standard – 17 pertaining to Segment Reporting.

## 9. Employee Benefits:

In accordance with the applicable Indian Laws, the Company provides for gratuity, a defined benefit retirements plan (Gratuity Plan) for all employees as per actuarial valuation done by qualified valuer. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employee's last drawn salary and for the years of employment with the company.

The following table set out the status of the gratuity plan as requires under AS 15

I. Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Discount Rate – Previous	7.00%	7.75%	8.25%	8.50%	7.75%	8.00%
Salary Escalation – Previous	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate – Previous	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Discount Rate – Current	7.75%	8.25%	8.50%	7.75%	8.00%	8.25%
Salary Escalation – Current	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate Current	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

(₹ in mn.)

<b>II. Table Showing Change In the Present Value of Defined Benefit Obligation</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Present Value Of Benefit Obligation As At The Beginning Of The Current Period	0.01	0.09	0.14	0.95	2.16	3.40
Interest Cost	0.00*	0.01	0.01	0.08	0.17	0.06
Current Service Cost	0.01	0.09	1.00	0.46	0.90	0.30
Past Service Cost Non Vested Benefit	-	-	-	-	-	-
Past Service Cost Vested Benefit	-	-	-	-	-	-
Liability Transferred In	-	-	-	-	-	-
(Liability Transferred Out)	-	-	-	-	-	-
(Benefit Paid)	-	-	-	-	-	-
Actuarial (Gain)/Loss On Obligations	0.07	(0.05)	(0.19)	0.66	0.18	0.00**
<b>Present Value Of Benefit Obligation As At The End Of The Current Period</b>	<b>0.09</b>	<b>0.14</b>	<b>0.95</b>	<b>2.16</b>	<b>3.41</b>	<b>3.78</b>

\*Interest Cost in 2006 was ₹ 911.

\*\*Actuarial Loss in June 2010 was ₹ 7,102

(₹ in mn.)

<b>III. Table of Recognition of Transitional Liability</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Unrecognized Transitional Liability At The Start Of The Period	-	-	-	-	-	-
Transitional Liability Recognized During The Period	-	-	-	-	-	-
<b>Unrecognized Transitional Liability At The End Of The Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in mn.)

<b>IV. Amount Recognized In The Balance Sheet</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Fair Value Of Plan Assets At The End Of The Period	-	-	-	-	-	-
Present Value Of Benefit Obligation As At The End Of	0.09	0.14	0.95	2.16	3.41	3.78



<b>IV. Amount Recognized In The Balance Sheet</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
The Period						
Funded Status	-	-	-	-	-	(3.78)
Unrecognized Past Service Cost At The End Of The Period	(0.09)	(0.14)	(0.95)	(2.16)	(3.41)	-
Unrecognized Transitional Liability At The End Of The Period	-	-	-	-	-	-
<b>(Net Liability Recognized In The Balance Sheet)</b>	<b>(0.09)</b>	<b>(0.14)</b>	<b>(0.95)</b>	<b>(2.16)</b>	<b>(3.41)</b>	<b>(3.78)</b>

(₹ in mn.)

<b>V. Expenses Recognized In The Income Statement</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Current Service Cost	0.01	0.09	1.00	0.46	0.90	0.30
Interest Cost	0.00 *	0.01	0.01	0.08	0.17	0.06
Actuarial (Gain)/Loss	0.07	0.05	(0.19)	0.66	0.18	0.00**
Past Service Cost Non Vested Benefit Recognized During The Period	-	-	-	-	-	-
Past Service Cost Vested Benefit Recognized During The Period	-	-	-	-	-	-
Transitional Liability Recognized During The Period	-	-	-	-	-	-
<b>Expense Recognized In P&amp;L</b>	<b>0.08</b>	<b>0.15</b>	<b>0.82</b>	<b>1.21</b>	<b>1.25</b>	<b>0.38</b>

\* Interest Cost in 2006 was ₹ 911.

\*\* Actuarial Loss in June 2010 was ₹ 7,102

(₹ in mn.)

<b>VI. Balance Sheet Reconciliation</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Opening Net Liability	0.01	0.09	0.14	0.95	2.16	3.40
Expense As Above	0.08	0.05	0.82	1.21	1.25	0.38
Net Transfer In	-	-	-	-	-	-
(Net Transfer Out)	-	-	-	-	-	-
Employer's Contribution	-	-	-	-	-	-
<b>Net Liability Recognized In The Balance Sheet</b>	<b>0.09</b>	<b>0.14</b>	<b>0.95</b>	<b>2.16</b>	<b>3.41</b>	<b>3.78</b>

VII. Other Details	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
No of members	36	32	180	209	271	279
Salary per month (₹ In mn.)	0.33	0.27	1.38	2.45	3.45	4.22

VIII. Experience Adjustment	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
On Plan Liability (Gain) / Loss	0.08	0.03	(1.06)	0.45	0.40	0.15

(₹ in mn.)

## 10. Contingent Liabilities

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Commissioner Appellate Proceedings in respect of A. Y. 2006-07	Nil	Nil	Nil	2.33	2.33	2.33
Tribunal Appellate Proceedings in respect of A. Y. 2003-04	Nil	Nil	Nil	1.37	1.37	1.37
Commissioner Appellate Proceedings in respect of A. Y. 2003-04	1.37	1.37	1.37	Nil	Nil	Nil

(₹ in mn.)

## 11. Payment to Auditors

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
For Statutory Audit Fees	0.03	0.06	0.35	0.40	0.40	0.15
Tax Audit Fees	0.02	0.04	0.14	0.15	0.15	-
Income Tax	0.01	0.01	0.07	0.07	0.07	-
VAT	0.02	0.02	0.07	0.07	0.07	-
ROC Matters	0.01	0.01	0.03	0.03	0.03	-
Service Tax	0.01	0.02	0.08	0.07	0.07	0.02
<b>Total</b>	<b>0.08</b>	<b>0.15</b>	<b>0.73</b>	<b>0.79</b>	<b>0.79</b>	<b>0.17</b>

(₹ in mn.)

## 12. Events Occurring after the Balance Sheet date:

a) Company at its board meeting dated July 29, 2010 passed a resolution for conversion of Max Flex & Imaging Systems Pvt. Ltd. from a private limited company to a public limited company, which was approved at Company's extraordinary general meeting held on August 26, 2010 by shareholders and the Company was converted to public limited company with effect from September 16, 2010.

b) Company at its board meeting dated on August 5, 2010 passed a board resolution for allotment of further 50,000 equity shares of ₹ 10 each and equity share capital was increased from 80,99,834 equity shares of ₹ 10 each to 81,49,834 equity shares of ₹ 10 each.

c) Company has incorporated its new wholly owned Subsidiary in the name of Max Apollo Flex Digital Ltd. having its incorporation date as September 7, 2010.

d) Company at its board meeting dated September 16, 2010 passed special resolution for increasing authorised share capital from ₹ 15,00,00,000 to ₹ 20,00,00,000, which was approved by shareholders at extraordinary general meeting dated September 28, 2010 and company's current authorized capital stands at ₹ 20,00,00,000

e) Company at its board meeting dated September 16, 2010 passed a resolution for declaring bonus in the ratio of 1:2 that is one equity share for every two equity shares held by the shareholder of the Company. As a result of which 40, 74,917 bonus equity shares were allotted.

f) Company at its board meeting dated November 12, 2010 passed a resolution for allotment of further 302,000 equity shares of Face Value of ₹ 10 each at a premium of ₹ 170 each.

g) The Company has entered into an Investment Agreement dated November 03, 2010 ("Investment Agreement"), with Shanghai Lanquan Plastic Products Company Limited ("LQ"), a company incorporated in the People's Republic of China for the purpose of carrying on manufacturing of PVC flex.

Under the Investment Agreement, LQ shall subscribe to 25% of the share capital of Max Apollo Flex Digital Limited ("Max Apollo") for a total cash consideration of ₹ 83.60 mn and the Company has agreed to subscribe to additional equity share capital of Max Apollo. LQ has also agreed to provide technical assistance to Max Apollo to setup the manufacturing plant, vide Technical Assistance Agreement dated November 03, 2010.

**13** a) For Period ended: March 31, 2007, March 31, 2008, March 31, 2009: "In our opinion, the Company did not have an internal audit system commensurate with the size and nature of its business."

b) However, the Company has strengthened the internal audit controls and procedures and now has an internal audit system commensurate with the size and nature of its business

c) For Period ended: March 31, 2008 : "According to information and explanation given to us, there was no undisputed amounts payable, other than CST/VAT tax, tax deducted at source, professional tax, as on March 31, 2008, for a period of more than six months from the date they become payable" but subsequent it was paid in the following year.

#### **14 Acquisition of Subsidiary:**

The Company has acquired 1,64,499 equity shares of Amprochem Private Limited on April 1, 2010 constituting 100% shareholding of Amprochem Private Limited from its share holders, thereby making it a 100% Subsidiary of the Company. The Company further subscribed to additional 750,000 equity shares of Amprochem Private Limited on April 15, 2010 by infusing the additional capital at ₹ 10 each.

**ANNEXURE V: RECONCILIATION STATEMENT OF PROFIT & LOSS AFTER DUE TO  
RESTATEMENTS AND OTHER MATERIAL ADJUSTMENTS MADE TO AUDITED  
FINANCIAL STATEMENTS**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Profit After Tax (as Per Audited Balance Sheet)	0.95	3.46	25.98	86.01	177.74	64.86
On Account of Gratuity	(0.09)	(0.05)	(0.82)	(1.21)	-	-
Prior Period Items				(0.02)		
On Account of Preliminary Expenses	0.00*	0.00*	(1.12)	0.22	0.90	-
On Account of adjustment in Provision of Current Taxes	-	0.13	-	-	-	-
<b>Profit / (Loss) after tax as restated</b>	<b>0.87</b>	<b>3.56</b>	<b>24.05</b>	<b>85.01</b>	<b>178.64</b>	<b>64.86</b>

For March 31, 2006 and 2007 the amount is ₹ 4,243

**Change in Accounting Policy**

“Till financial year 2008-2009 Company’s preliminary & miscellaneous expenses were written over a period of 5 years & from financial year 2009-10 preliminary & miscellaneous expenses are written off in the same year in which they are incurred”

“Till financial year 2008-09 Gratuity & leave encashment and provident fund were charged on cash basis but from financial year 2009-2010 the Company has for its employees in India, benefits such as Gratuity and Provident Fund. Provision for gratuity is made on the basis of actuarial valuation and charged to Profit and Loss account. The Company’s contribution to the provident fund along with the employee share of provident fund deducted from the salary is paid into Employee Provident Fund of Government of India. The Company’s contribution to EPF is charged to revenue”

Effect of above changes in accounting policy has been given retrospective effect in restated accounts.

**ANNEXURE VI**  
**STATEMENT OF ACCOUNTING RATIOS, AS RESTATED**

Particulars	For the Period Ended					
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Basic Earnings per share (₹) )[Prior to issue of Bonus]	20.66	32.29	8.79	10.66	22.38	8.01
Basic Earnings per share (₹) )[Post to issue of Bonus]	13.78	21.53	5.86	7.11	14.92	5.34
Diluted Earnings per share (₹) )[Prior to issue of Bonus]	9.44	32.29	8.76	10.64	22.38	8.01
Diluted Earnings per share (₹) )[Post to issue of Bonus]	6.29	21.53	5.84	7.09	14.92	5.34
Return On Net Worth* (%)	17.49%	24.48%	18.87%	39.60%	43.11%	13.54%
Net Asset Value/Book value Per share (₹ )	40.63	19.12	15.84	26.48	51.15	59.16
No of shares outstanding at closing date	110,000	759,000	7,920,166	7,972,500	8,099,834	8,099,834
Weighted average number of equity shares during the year considered for Basic EPS	42,055	110,000	2,735,099	7,972,500	7,980,514	8,099,834
Weighted average number of equity shares after bonu.	63,082	165,000	4,102,649	11,958,750	11,970,771	12,149,751
Weighted average diluted number of equity shares during the year considered	92,055	110,000	2,745,099	7,990,000	7,980,514	8,099,834
Weighted average diluted number of equity shares after bonus during the year considered	138,082	165,000	4,117,649	11,985,000	11,970,771	12,149,751

Note:- Company has declared Bonus [refer to point 12 (e) of Notes to Accounts] and accordingly effect has been given to EPS as per Accounting Standard 20 as if bonus has been declared from the beginning of earliest reporting period.

$$\text{Basic Earnings per share (₹ )} = \frac{\text{Restated Net Profit After Tax}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earning per share (₹ )} = \frac{\text{Restated Net Profit After Tax}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$$

$$\text{Return on net worth (%) } = \frac{\text{Restated Net Profit After Tax}}{\text{Net Worth at the end of the year}}$$

$$\text{Net asset value} = \frac{\text{Net Worth at the end of the year}}{\text{Actual number of equity shares outstanding at end of the year}}$$

\*Restated Net Profit After Tax is calculated before & after extraordinary items

**ANNEXURE VII**  
**CAPITALISATION STATEMENT, AS RESTATED**

(₹ in mn.)

Particulars	Pre Issue As at June 30, 2010	Post Issue*
<b>Total Debt:</b>		
Short Term Debt	1077.46	[•]
Long Term Debt	37.84	[•]
<b>Shareholders Funds:</b>		
Share Capital	81.00	[•]
Reserves & surplus	398.20	[•]
Total Shareholders Funds	479.20	[•]
<b>Long Term Debt to Equity</b>	0.08:1	[•]

- 1 Short term debts represent debts which are due within twelve months from June 30, 2010.
- 2 Long term debts represent debts other than short term debts, as defined above.
- 3 The figures disclosed above are based on the Standalone Restated Summary Statement of Assets and Liabilities of the Company as at June 30, 2010
- 4 Long Term debt to Equity = Long Term Debts / Shareholders' Funds
- 5 The corresponding post issue figures are not determinable at this stage and will be mentioned after the Issue.
- 6 The Company has issued 50,000 equity shares on August 5, 2010 of the face value of ₹ 10 each aggregating to ₹ 0.5 Millions.
- 7 The Company has issued bonus equity shares on September 27, 2010 in the ratio of one share for every two share held by existing share holders of the face value of ₹ 10 each aggregating of 4,074,917 number of shares
- 8 The Company has issued 3,02,000 equity shares on November 12, 2010 of the face value of ₹ 10 each aggregating to ₹ 30,20,000 at share premium of ₹ 5,13,40,000

**ANNEXURE VIII**  
**STATEMENT OF SECURED LOANS, AS RESTATED**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Vehicle Loan	-	1.17	2.86	7.02	11.35	12.14
Working Capital & other Business Loan	53.53	120.22	476.83	817.79	1099.10	1090.37
<b>Total</b>	<b>53.53</b>	<b>121.39</b>	<b>479.69</b>	<b>824.81</b>	<b>1110.45</b>	<b>1102.51</b>

**DETAILS OF PRINCIPAL TERMS AND CONDITIONS OF SECURED LOANS OUTSTANDING AS AT JUNE 30, 2010**

Vehicle Loan Are Secured Against Respective Vehicles:

(₹ in mn.)

90	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Terms Of Repayment
1	Citibank, N.A.	0.29	18.00%	49 Monthly Installment of ₹ 20,559/- ended in Oct – 2011
2	Citicorp Maruti Finance Limited.	0.10	12.46%	60 Monthly Installment of ₹ 6,547/- ended in March-2012
3	HDFC Bank Limited	0.27	13.16%	60 Monthly Installment of ₹ 13,885/- ended in April – 2012
4	HDFC Bank Limited	1.33	11.08%	36 Monthly Installment of ₹ 65,000/- ended in May – 2012
5	HDFC Bank Limited	0.68	11.56%	60 Monthly Installment of ₹ 18,233/- ended in April – 2014
6	HDFC Bank Limited	0.60	11.56%	60 Monthly Installment of ₹ 16,075/- ended in April – 2014
7	HDFC Bank Limited	0.62	12.46%	59 Monthly Installment of ₹ 22,455/- ended in March – 2013
8	HDFC Bank Limited	0.20	10.43%	36 Monthly Installment of ₹ 28,800/- ended in January – 2011
9	ICICI Bank Limited	0.20	11.12%	36 Monthly Installment of ₹ 23,724/- ended in March – 2011
10	ICICI Bank Limited	1.75	Nil	36 Monthly Installment of ₹ 83,334/- ended in March- 2012
11	ICICI Bank Limited	0.19	17.80%	35 Monthly Installment of ₹ 15,425/- ended in August – 2011
12	ICICI Bank Limited	0.19	17.80%	35 Monthly Installment of ₹ 15,425/- ended in August – 2011
13	ICICI Bank Limited	0.20	17.00%	47 Monthly Installment of ₹ 8,141/- ended in March- 2013
14	ICICI Bank Limited	0.35	17.22%	35 Monthly Installment of ₹ 28,391/- ended in August- 2011
15	ICICI Bank Limited	0.32	14.49%	47 Monthly Installment of ₹ 15,623/- ended in June – 2012
16	ICICI Bank Limited	0.27	10.00%	60 Monthly Installment of ₹ 20,600/- ended in August- 2011
17	ICICI Bank Limited	0.06	15.80%	48 Monthly Installment of ₹ 6,300/- ended in May -2011
18	Kotak Mahindra Prime Limited	0.66	10.49%	59 Monthly Installment of ₹ 15,850/- ended in October – 2014
19	Kotak Mahindra Prime Limited	0.41	9.93%	35 Monthly Installment of ₹ 19,182/- ended in June- 2012
20	Reliance Capital Limited	0.38	17.02%	47 Monthly Installment of ₹ 13,287/- ended in August- 2013
21	Reliance Capital Limited	0.40	17.02%	47 Monthly Installment of ₹ 14,010/- ended in August- 2013
22	Reliance Capital Limited	0.43	16.52%	47 Monthly Installment of ₹ 13,735/- ended in November- 2013



90	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Terms Of Repayment
23	Reliance Capital Limited	0.30	16.52%	47 Monthly Installment of ₹ 9,525/- ended in November- 2013
24	Reliance Consumer Finance Private Limited	0.53	15.02%	47 Monthly Installment of ₹ 17,592/- ended in September- 2013
25	Reliance Consumer Finance Private Limited	0.39	17.04%	47 Monthly Installment of ₹ 13,291/- ended in September- 2013
26	Sundaram Finance Limited	0.11	12.99%	35 Monthly Installment of ₹ 13,585/- ended in February – 2011
27	HDFC Bank Ltd	0.51	11.79%	60 Monthly Installment of ₹ 13,660/- ending in April – 2014
28	Cholamadam DBS Financial Limited	0.18	7.50%	47 Monthly Installment of ₹ 10,511/- ending in December – 2011
29	ICICI Bank Limited	0.22	16.99%	47 Monthly Installment of ₹ 8,551/- ending in January- 2013
<b>Total</b>		<b>12.14</b>		

## B) Working Capital and other Business Loan

(₹ in mn.)

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Sanction Amount	Rate of Interest	Security
1	State Bank of India (Working Capital Loan , Foreign Currency Non-Residential , Stand By Line Of Credit )	1067.87	1115.00	11.75%	As Mentioned Below
2	S. E. Investments Limited (Business Loan)	22.50	30.00	10.75%	Pledged against Equity Shares of Promoters
<b>Total</b>		<b>1090.37</b>			

### Security for State Bank of India Loan:

#### 1. Primary Security:

Hypothecation of stocks & book debts & other current assets.

#### 2. Collateral Security:

- I. Residential flat A/101, Simla House at 51/B, Napean SEA Road, Mumbai – 400 036. standing in the name of Shri Hitesh Jobalia
- II. Row House at Plot No. 198, Sector – 16 A, Nerul, Navi Mumbai Pin – 400 706, in the name of Smt. Dipti Jobalia.
- III. Office premises at Unit No. 101, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Smt. Dipti Jobalia and Mr. Nimesh Shah.
- IV. Office premises at Unit No. 102, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Shri Hitesh Jobalia
- V. Office premises at Unit No. 103, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Company erstwhile Silver Graphic.
- VI. Shop No. 5, 6, 7 & 8 at Agarwal Pride, Ground Floor, C – Wing, Kasba Peth, Near Surya Hospital, Pune – 411 011 in the name of company erstwhile M/s Max Traders, area app. 1351 sq.ft.
- VII. Land & Building and site development at Plot No. R – 407, TTC Indl Area, MIDC Rabale, Thane – Belapur Road, Navi Mumbai, in the name of Amprochem Pvt. Ltd.

- VIII. Flat No. 105- B, 1ST Floor, A Block, Simla House CHS, Plot No. 51/B, Nepean Sea Road Mumbai – 400006 in the name of Max Traders.
- IX. Shop No 2 & 5 B Wing, Agarwal Pride, Ground Floor, Kasba Peth, Near Surya Hospital, Pune – 411 011 in the name of company erstwhile M/s Max Traders.
- X. Shop No. F- 3/5, Gr. Floor, Sector 9, Vashi Navi Mumbai in the name of Smt. Amita K. Sheth.
- XI. Flat No. at B/801, 8th Floor, Neel Sidhi, Plot No. 195, Sector 12, Vashi, Navi Mumbai – 400 705 in the joint names of Shri Kiran Sheth & Smt. Amita Sheth.
- XII. Office premises at unit No 104, Prime Plaza Premises CHS, Old Carrol Rd., B.M. Marg, Opp. Elphinstone Road Stn. (west) Mumbai – 400013 in the name of merged Company M/s. Max Film Converters (India) Ltd.
- XIII. Flat No 62, 6th Floor, Shree Brij Kutir CHS, 68/A, A. L. Jagmohandas Marg, Mumbai – 400 006 in the name of Shri Kriti R. Doshi.
- XIV. Lien on TDR OF ₹ 0.40 Crores in the name of the Company
- XV. EM OF Godown premises no 15 & 16 in the name of Company at Bldg. No. H, Gr. & First floor, Maa Padamavati Complex, Dapoda Road, Village Val, Taluka Bhiwandi In the name of the Company.
- XVI. Godown no. 14 Gr. & First Floor, Bldg No. H, Maa Padmavati Complex, Dapoda Road at val village, Taluka Bhiwandi in the name of the Company.
- XVII. Land in the name of the Company at Door No. New 15 Old 7, Bharathi Salai (Pycroft Road), Triplicane Chennai – 600 005.
- XVIII. Flat A – 104/105, at Simla House CHS, 51/B Nepean Sea Road, Mumbai – 400 006 standing in the name of Shri Navin V. Shah.
- XIX. Office Premises at Unit No. 4 – B – 2, Gr. Floor, Bldg. No. 1 Prime Plaza Premises CHS, Old Carrol Road, B. M. Marg, Opp. Elphinstone Road Stn. (west) Mumbai – 013, in the name of the Company.
- XX. Unit No 7, Gr. Floor, Bldg No.3, Carrol Road, Opp. Elphinstone Road (west) Mumbai – 013 in the name of the Company.
- XXI. Flat A – 101, at Pleasant Park CHS Peddar Road, Mumbai – 26 in the name of Mr. Rajesh C Dadia & Kalpana R. Dadia.
- XXII. Commercial office Gala No 2, Ground Floor, Sadhana Industrial Estate, Oshiwara, Goregaon(W) Mumbai in the name of the Company.
- XXIII. Flat No. 101, 1st Floor, Nav Krishna Kunj Co – op Housing Society Ltd. 212, Walkeshwar Road Mumbai - 400 006, in the name of Shri. Hemant R Shah.
- XXIV. Office at 1 & 2,, Shreenath Estate – 02, Nr. Pragati High School, Opp. Anupam Cinema , Khokhre, Ahmedabad, in the name of Company.
- XXV. Land & Bunglow Chitnis Banglows, S.No.574, Plot No.45, Lening Chowk, Chitod Road, Dhule-424001 in the joint names of Shri Sushilchandra Shah and Shri Dhirajlal Shah.

**Guarantee: Personal Guarantee of Directors of the Company**

- I. Shri Hitesh Jobalia
- II. Smt. Dipti Jobalia

- 
- III. Shri Nimesh N Shah
  - IV. Smt. Nikita N Shah
  - V. Shri Kirti R. Doshi

**Third Party Guarantee of**

- I. Shri Navin Shah
- II. Shri Rajesh C. Dadia
- III. Smt Kalpna R, Dadia
- IV. Shri Kiran Sheth
- V. Smt Amita Sheth
- VI. Shri. Hemant R Shah
- VII. Shri Dhirajlal Shah
- VIII. Shri Sushilchandra Shah

**Corporate Guarantee of:**

- I. Amprochem Pvt. Ltd.

**ANNEXURE IX**  
**STATEMENT OF UNSECURED LOANS, AS RESTATED**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Business Loan from Others	-	-	-	21.13	18.49	12.79
Others (Directors & Shareholders)	6.18	8.95	9.95	53.92	12.44	-
<b>Total</b>	<b>6.18</b>	<b>8.95</b>	<b>9.95</b>	<b>75.05</b>	<b>30.93</b>	<b>12.79</b>

(₹ in mn.)

Name of Related Party	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Hitesh R. Jobalia	1.83	2.97	2.80	42.73	8.65	-
Nimesh N. Shah	1.59	1.68	2.93	4.05	3.79	-
Dipti H. Jobalia	2.76	4.30	4.22	7.14	-	-

**DETAILS OF PRINCIPAL TERMS AND CONDITIONS OF UNSECURED LOANS OUTSTANDING AS AT JUNE 30, 2010**

(₹ in mn.)

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Whether can be recalled by the lender anytime	Terms Of Repayment
1.	Bajaj Auto Finance Limited	1.54	20.26%	Yes	36 Monthly Installment of ₹ 1,11,873/- ended in October-2011
2.	Barclays Bank PLC	0.61	19.00%	Not Available	36 Monthly Installment of ₹ 1,28,296/- ended in November-2010
3.	Barclays Bank PLC	0.25	18.00%	Not Available	Monthly Installment of ₹ 54,984/-
4.	Citibank N.A.	0.08	18.00%	Not Available	36 Monthly Installment of ₹ 39,768/- ended in August -2010
5.	Citibank N.A.	0.29	18.00%	Not Available	36 Monthly Installment of ₹ 20,562/-ended in October-2011
6.	HDFC Bank Limited	0.22	19.00%	Not Available	36 Monthly Installment of ₹ 45,825/- ended in November-2010
7.	HDFC Bank Limited	0.38	16.99%	Not Available	36 Monthly Installment of ₹ 78,430/- ended in November-2010
8.	HDFC Bank Limited	0.26	19.00%	Not Available	36 Monthly Installment of ₹ 54,990/- ended in November-2010
9.	Indiabulls Financial Services Limited	0.30	20.00%	Not Available	36 Monthly Installment of ₹ 78,044/- ended in October-2010
10.	Indiabulls Financial Services Limited	0.35	19.00%	Not Available	36 Monthly Installment of ₹ 73,313/- ended in November-2010
11.	Kotak Mahindra Bank Limited	0.67	19.00%	Yes	36 Monthly Installment of ₹ 73,320/- ended in April-2011
12.	Kotak Mahindra Bank Limited	2.89	19.00%	Yes	36 Monthly Installment of ₹ 1,46,624/- ended in June-2012
13.	Reliance Capital	0.63	20.00%	Not Available	36 Monthly Installment of ₹

Sr. No.	Name of Financial Institution\Banks	Amount outstanding	Rate of Interest	Whether can be recalled by the lender anytime	Terms Of Repayment
	Limited				1,11,491/- ended in December-2010
14.	Religare Finvest Limited	0.64	19.00%	Not Available	12 Monthly Installment of ₹ 3,28,999/-ended in August-2010
15.	Standard Chartered Bank PLC	0.21	18.00%	Not Available	36 Monthly Installment of ₹ 25,306ended in March-2011
16.	Standard Chartered Bank PLC	0.39	19.00%	Not Available	36 Monthly Installment of ₹ 1,09,968ended in October-2010
17.	Standard Chartered Bank PLC	0.26	19.00%	Not Available	36 Monthly Installment of ₹ 73,312ended in October-2010
18.	Standard Chartered Bank PLC	0.69	19.00%	Not Available	36 Monthly Installment of ₹ 1,09,968/- ended in January-2011
19.	Tata Capital Limited	2.12	19.00%	Not Available	36 Monthly Installment of ₹ 91,641/- ended in November-2012
<b>Total</b>		<b>12.79</b>			

**ANNEXURE X**  
**STATEMENT OF SUNDRY DEBTORS, AS RESTATED**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	As At		March 31, 2010	June 30, 2010
			March 31, 2008	March 31, 2009		
Debtors outstanding for a period exceeding six months	8.16	89.64	82.67	86.75	146.34	279.38
Debtors outstanding for a period less than six months	73.34	58.77	366.92	518.57	877.65	885.45
<b>Total</b>	<b>81.50</b>	<b>148.41</b>	<b>449.59</b>	<b>605.32</b>	<b>1023.99</b>	<b>1164.83</b>

**Details of receivables from related parties as included in above annexure:**

(₹ in mn.)

Name of Related Party	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Max Traders	1.06	4.11	35.54	-	-	-
Max Convertors	12.48	18.73	-	-	-	-
Silver Graphics	1.90	1.51	-	-	-	-
Sterling Media Private Limited	1.73	0.90	-	-	-	-
Max Film Convertors (India) Private Limited	0.39	-	-	-	-	-
Max Convertors Private Limited	0.38	-	-	-	-	-

Except as provided above, there are no other sundry debtors who are related to the directors, promoters, promoter group, group companies or associated companies for the aforementioned years.

**ANNEXURE XI**  
**STATEMENT OF INVESTMENTS, AS RESTATED**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Investments In N.S.C.	-	-	-	0.03	0.03	0.03
S.B.I Infrastructure Fund (Growth)	-	-	0.60	0.60	0.10	0.10
S.B.I Blue Chip Fund (Growth)	-	-	-	1.30	-	-
Investment in Subsidiary	-	-	-	-		9.15
Share Application money with Amprochem Private Limited					7.50	
Shares of Simla House Co-operative Society	-	-	-	0.02	0.02	0.02
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.60</b>	<b>1.95</b>	<b>7.65</b>	<b>9.30</b>

**Market Value of Quoted Investments:**

(₹ in mn.)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
S.B.I Infrastructure Fund (Growth) Book Value	-	-	0.60	0.60	0.10	0.10
S.B.I Infrastructure Fund (Growth) Market Value	-	-	0.64	0.34	0.10	0.10
S.B.I Blue Chip Fund (Growth) Book Value	-	-	-	1.30	-	-
S.B.I Blue Chip Fund (Growth) Market Value	-	-	-	0.99	-	-



**ANNEXURE XII**  
**STATEMENT OF DIVIDEND PAID, AS RESTATED**

<b>Particulars</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Equity Share Capital	1,100,000	7,590,000	79,201,660	79,725,000	80,998,340	80,998,340
No. of Equity Shares	110,000	759,000	7,920,166	7,972,500	8,099,834	8,099,834
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Amount of Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Tax on Dividend	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE XIII**  
**STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED**

<b>Name of the Related Party</b>	<b>Relationship</b>
<b>Key Managerial Personnel</b>	
Hitesh R. Jobalia	Managing Director
Nimesh N. Shah	Whole Time Director
Vasant Khopade	Executive Director (up to 30 <sup>th</sup> September 2008)
Dipti H. Jobalia	Executive Director
Nikita N. Shah	Executive Director
Kirti R. Doshi	Executive Director
Rajesh Dadia	Non - Executive Director
<b>Associates/ Subsidiary Company</b>	
Amprochem Private Limited	Subsidiary w.e.f. April 1, 2010
<b>Companies / Firms in which Directors are substantially interested</b>	
Amritlal & Co	Nimesh N. Shah , Nikita N Shah are Partners
Parth Polymers	Hitesh R Jobalia , Dipti H Jobalia, Nimesh N Shah, Nikita N Shah are Partners ( up to 31 <sup>st</sup> March ,2007)
Max Film Convertors (India) Pvt Ltd ( up to 31/03/2007 )	Nimesh N. Shah is a Director
Sterling Media Pvt Ltd ( up to 31/03/2007 )	Hitesh R. Jobalia, Nimesh N. Shah, Vasant Khopade are Directors
Max Convertors Pvt Ltd ( up to 31/03/2007 )	Hitesh R. Jobalia, Nimesh N. Shah, Vasant Khopade are Directors
Max Traders ( up to 31/03/2008 )	Hitesh R. Jobalia and Dipti H. Jobalia are Partners
Max Convertors ( up to 31/03/2008 )	Hitesh R. Jobalia and Dipti H. Jobalia are Partners
Silver Graphics ( up to 31/03/2008 )	Hitesh R. Jobalia and Dipti H. Jobalia are Partners

( ₹ in mn.)

<b>Name of Related Party</b>	<b>Nature of Transaction</b>	<b>March 31, 2006</b>	<b>March 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>June 30, 2010</b>
Max Trader	Purchases	11.15	25.08	18.63	-	-	-
Max Trader	Sales	6.10	3.15	30.67	-	-	-
Max Convertors	Purchases	33.56	19.95	40.91	-	-	-
Max Convertors	Sales	8.71	43.55	35.18	-	-	-
Silver Graphics	Purchases	4.05	24.23	23.92	-	-	-
Silver Graphics	Sales	8.90	18.52	18.38	-	-	-
Max Film Convertors (India) Pvt Ltd	Purchases	4.21	10.82	-	-	-	-
Max Film Convertors (India) Pvt Ltd	Sales	0.11	0.01	-	-	-	-
Sterling Media Pvt Ltd	Purchases	9.72	8.81	-	-	-	-
Sterling Media Pvt Ltd	Sales	11.40	19.18	-	-	-	-
Max Convertors Pvt Ltd	Purchases	-	36.32	-	-	-	-
Max Convertors Pvt Ltd	Sales	-	17.95	-	-	-	-
Parth Polymers	Purchases	-	0.36	-	-	-	-
Hitesh R. Jobalia	Remuneration	0.41	0.60	4.23	2.70	6.00	1.50
Hitesh R. Jobalia	Interest	-	0.22	0.18	-	-	-
Nimesh N. Shah	Remuneration	0.41	0.66	1.58	1.20	1.50	0.38
Nimesh N. Shah	Interest	-	0.19	-	-	-	-

Name of Related Party	Nature of Transaction	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Nimesh N. Shah	Rent	-	0.06	0.06	-	-	-
Vasant Khopade	Remuneration	0.41	0.42	1.65	-	-	-
Dipti H. Jobalia	Remuneration	-	0.54	3.49	1.85	4.80	1.20
Dipti H. Jobalia	Rent	-	0.06	0.06	-	-	-
Dipti H. Jobalia	Interest	-	0.07	0.06	-	-	-
Nikita N. Shah	Remuneration	-	0.18	0.26	2.10	0.60	0.15
Kirti R. Doshi	Remuneration	-	0.36	1.61	2.10	3.60	0.90
Rajesh Dadia	Remuneration	-	-	-	1.20	2.28	0.57
Amprochem Private Limited	Purchase	-	-	-	41.22	32.13	61.93
Amprochem Private Limited	Sales	-	-	-	-	18.83	28.75
Amprochem Private Limited	Reimbursement of expenses	-	-	-	-	-	1.55

**a) Details of Outstanding Payable Balances with Related Parties**

(₹ in mn.)						
Name of Related Party	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>Creditors</b>						
Max Trader	-	-	35.54	-	-	-
Max Converters Pvt. Ltd.	-	-	43.23	-	-	-
Silver Graphics	-	-	11.73	-	-	-
<b>Unsecured Loans</b>						
Dipti H. Jobalia	2.76	4.30	4.22	7.14	-	-
Hitesh R. Jobalia	1.83	2.97	2.80	42.73	8.65	-
Nimesh N. Shah	1.59	1.68	2.93	4.05	3.79	-

**b) Details of Outstanding Receivable Balances with Related Parties**

(₹ in mn.)						
Name of Related Party	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>Debtors</b>						
Max Trader	1.06	4.11	35.54	-	-	-
Max Convertors	12.48	18.73	-	-	-	-
Silver Graphics	1.90	1.51	-	-	-	-
Sterling Media Pvt Ltd	1.73	0.90	-	-	-	-
Max Film Convertors (India) Pvt Ltd	0.39	-	-	-	-	-
Max Convertors Pvt Ltd	0.38	-	-	-	-	-
<b>Advances to suppliers / subsidiary</b>						
Amprochem Private Limited	-	-	-	11.86	38.42	4.58

**ANNEXURE XIV**  
**STATEMENT OF TAX SHELTERS**

(₹ in mn.)

Particulars	For the year ended					
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
<b>Profit before current and deferred taxes, as restated (A)</b>	<b>1.68</b>	<b>6.11</b>	<b>38.89</b>	<b>130.38</b>	<b>274.74</b>	<b>95.88</b>
Tax rate ( %)	33.66%	33.66%	33.99%	33.99%	33.99%	33.99%
Tax impact	0.56	2.06	13.22	44.32	93.38	32.59
Permanent differences	-	(0.44)	(2.28)	(3.03)	(2.41)	(0.38)
<b>Total (B)</b>	<b>-</b>	<b>(0.44)</b>	<b>(2.28)</b>	<b>(3.03)</b>	<b>(2.41)</b>	<b>(0.38)</b>
Temporary differences	-	-	-	-	-	-
Difference between book depreciation and income tax depreciation	0.53	1.09	4.52	2.57	29.12	2.61
Other Differences	(0.08)	(0.98)	(10.93)	7.80	(7.05)	5.00
<b>Total (C)</b>	<b>0.44</b>	<b>0.11</b>	<b>(6.41)</b>	<b>10.38</b>	<b>22.07</b>	<b>7.61</b>
<b>Net Adjustment (D=B+C)</b>	<b>0.44</b>	<b>(0.33)</b>	<b>(8.69)</b>	<b>7.35</b>	19.66	7.23
Tax saving thereon	0.15	(0.11)	(2.95)	2.50	6.68	2.46
<b>Net tax payable as per income tax returns (E=A-D)</b>	<b>0.41</b>	<b>2.17</b>	<b>16.17</b>	<b>41.82</b>	<b>86.70</b>	<b>30.13</b>

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## AUDITORS' REPORT

To,  
The Board of Directors,  
Max Flex & Imaging Systems Limited.  
(Formerly known as Silver Digigraph Private Limited)  
102, Prime Plaza, J.V. Patel Compound,  
Balasaheb, Madhurkar Marg, Elphinstone (West),  
Mumbai – 400 013.

Dear Sirs,

We have examined the attached restated consolidated financial information of **Max Flex & Imaging Systems Limited**, prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus being issued by the Company in connection with the Initial Public Offering (the “IPO”). This financial information has been prepared in accordance with the requirements of:

1. Paragraph B of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the amendment thereof;
2. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India ('SEBI') and the related amendments thereto issued by the SEBI pursuant to section 11 of the Securities and Exchange Board of India Act, 1992, as amended to date;
3. The revised Guidance Note on reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
4. The terms of our letter of engagement requesting us to carry out work in connection with the terms of proposed issue of Equity Shares of the Company as aforesaid.

### **I. Financial information as per Audited Consolidated Financial Statements**

A. We have examined:

1. The attached ‘Restated Consolidated Summary Statement of Assets and Liabilities’ of the Company as at June 30, 2010 (Annexure I);
2. The attached ‘Restated Consolidated Summary Statement of Profits and Losses’ of the Company for three months period ended June 30, 2010 (Annexure II);
3. The attached ‘Restated Consolidated Summary Statement of Cash Flows’ of the Company for three months period ended June 30, 2010 (Annexure III);
4. The significant accounting policies and notes to accounts as at and for the three months period ended on June 30, 2010 and notes to adjustments carried out in the Restated Consolidated Summary Statement (Annexure IV);

-together referred to as the “Restated Consolidated Summary Statements”

- B. The Restated Consolidated Summary Statements of the Company has been extracted from the audited financial statements for three months period ended on June 30, 2010 which have been approved by the Board of Directors;
- C. Audit of the financial statements of Parent & Subsidiary for three months period ended June 30, 2010 was conducted by us.

D. In accordance with the requirements of Paragraph B of Part II of schedule II of the Act, SEBI ICDR Regulations and terms of our engagement agreed with you, we report that:

- i. The Restated Consolidated Summary Statements have been arrived after making such adjustments/ restatements and regrouping as in our opinion were appropriate, are subject to and are more fully described in Annexure IV to the report.
- ii. The Restated Consolidated Summary Statements have been restated with retrospective effect to reflect the significant accounting policies adopted by the Company as at June 30, 2010.
- iii. Based on our examination of these Restated Consolidated Summary Statements, we confirm that the Restated Consolidated Summary Statements have been made after incorporating:
  1. The impact arising on account of changes in accounting policies from those adopted by the Company for the three months period ended June 30, 2010 has been adjusted with retrospective effect in the attached Restated Consolidated Summary Statements;
  2. Material amounts relating to three months period ended have been adjusted in the Restated Consolidated Summary Statements;
  3. There are no extraordinary items which need to be disclosed separately in the Restated Consolidated Summary Statements; and
  4. There were no qualifications, quantitative or non-quantitative in nature, in auditors' report for three months period ended which require an adjustment or need to be disclosed separately in the Restated Consolidated Summary Statements.

E. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2010.

## **II. Other Consolidated Financial Information of the Company as per Audited Consolidated Financial Statements:**

We have also examined the following financial information of the Company as at and for three months period ended June 30, 2010 proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report:

- |   |               |
|---|---------------|
| 1. Reconciliation statement of Profit & Loss after due to restatements and other material adjustments made to Consolidated Financial Statements | Annexure V    |
| 2. Statement of Accounting Ratios, as Restated Consolidated Financial Statements  | Annexure VI   |
| 3. Capitalization Statement as at June 30, 2010, as Restated Consolidated Audited Financial Statements  | Annexure VII  |
| 4. Statement of Secured Loans, as Restated Consolidated Financial Statements  | Annexure VIII |
| 5. Statement of Unsecured Loans, as Restated Consolidated Audited Financial Statements  | Annexure IX   |
| 6. Statement of Sundry Debtors, as Restated Consolidated Financial Statements   | Annexure X    |
| 7. Statement of Investments, as Restated Consolidated Financial Statements  | Annexure XI   |
| 8. Statement of Dividend Paid, as Restated Consolidated Financial Statements  | Annexure XII  |
| 9. Statement of Related Party Transactions, as Restated Consolidated Financial Statements   | Annexure XIII |
| 10. Statement of Tax Shelters, as Restated Consolidated Financial Statements  | Annexure XIV  |

In our opinion, the "Financial Information" and "Other Consolidated Financial Information" as disclosed in this report as referred to above, read with respective Significant Accounting Policies and Notes to Restated Standalone Summary Statements as set out in Annexure IV, and prepared after making the adjustments/ restatements and regrouping as considered appropriate, have been prepared in accordance with B of Part II of Schedule II of the Act and the SEBI ICDR Regulations as amended from time to time.

This report should not be in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent. We hereby give our consent to include this report in the Draft Red Herring Prospectus of the Company.

Yours Faithfully

**For D. Kothary & Co.**

Chartered Accountants

Firm Registration No.: 105335W

Vipul N. Chauhan

Partner

Membership No.: 47846

Place: Mumbai

Date: November 23, 2010



**ANNEXURE I**  
**RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

		(₹ in mn.)
	Particulars	June 30, 2010
<b>A</b>	<b>Fixed Assets</b>	
	Gross Block	348.90
	Less: Depreciation	(29.32)
	Less : Amortization	(10.60)
	Net Block	308.98
	Capital Work in Progress	26.82
	<b>Total Fixed Assets (A)</b>	<b>335.80</b>
<b>B</b>	<b>Investments (B)</b>	<b>0.23</b>
<b>C</b>	<b>Current Assets, Loans &amp; Advances</b>	
	Inventories	557.39
	Sundry Debtors	1,180.53
	Cash and bank Balance	17.30
	Loans and Advance	262.93
	<b>Total (C )</b>	<b>2018.15</b>
	<b>Total Assets</b>	<b>2354.18</b>
<b>D</b>	<b>Liabilities &amp; Provisions</b>	
	Secured Loans	1,135.36
	Unsecured Loans	16.45
	Current Liabilities	545.83
	Provisions	163.66
	Deferred Tax liability	11.87
	<b>Total (D)</b>	<b>1873.17</b>
<b>E</b>	<b>Net Worth (A+B+C-D)</b>	<b>481.01</b>
	<b>REPRESENTED BY:</b>	
	Equity Share Capital	81.00
	Total Reserves and Surplus	400.01
	<b>Net Worth</b>	<b>481.01</b>

**ANNEXURE II**  
**RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS & LOSSES**

		(₹ in mn.)
Particulars	June 30, 2010	
<b>Income</b>		
<b>Sales</b>		
Of Products Manufactured by the company		7.87
Of Products Contract Manufactured by the company		874.56
Of Products Traded by the company		85.17
<b>Total Sales</b>		<b>967.60</b>
Other Income		0.50
<b>Total Income</b>		<b>968.10</b>
<b>Expenditure</b>		
Cost of Goods Sold		770.07
Administrative Expenses		30.52
Staff Cost		21.22
Selling & Distribution Expenses		5.93
Finance and Interest Charges		37.54
<b>Total Expenditure</b>		<b>865.25</b>
<b>Profit before Depreciation and Tax</b>		<b>102.85</b>
Depreciation & Amortization		5.88
<b>Profit Before Tax</b>		<b>96.93</b>
<b>Provision For Taxation</b>		
Current Tax		30.46
Deferred Tax		0.91
<b>Restated Net Profit after Tax</b>		<b>65.56</b>

**ANNEXURE III**  
**RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS**

Particulars	(₹ in mn.) June 30, 2010
<b>(A) Cash Flow From Operating Activities</b>	
Net Profit Before Tax and Extraordinary Items	96.93
<b>Adjustments for:</b>	
Depreciation / Amortization	5.88
Interest Income	(0.05)
Finance and Interest Charges	37.54
Loss on Sale of Assets	-
Provision for Gratuity	0.38
Foreign Exchange Fluctuation Loss/(Gain)	12.51
<b>Operating profits before working capital changes</b>	<b>153.20</b>
<b>Adjustments for:</b>	
Decrease / (Increase) in Inventories	(23.61)
Decrease / (Increase) in Sundry Debtors	(130.96)
Decrease / (Increase) in Loans & Advances	49.14
Increase / (Decrease) in Trade Payable & Other Current Liabilities	70.79
<b>Cash generated from operations</b>	<b>118.56</b>
Taxes paid	(20.00)
<b>Net cash from Operating Activities (A)</b>	<b>98.56</b>
<b>(B) Cash Flow From Investing Activities</b>	
Capital work in progress	(2.93)
Purchase of fixed assets	(13.27)
Purchase / Sales of Investment	(1.64)
Interest Income	0.05
<b>Net cash used for Investing Activities (B)</b>	<b>(17.79)</b>
<b>(C) Cash Flow From Financing Activities</b>	
Net Proceeds/Repayments of working capital loans	(41.81)
Finance and Interest Charges	(37.54)
Foreign Exchange Fluctuation on Loan Repayment	(16.03)
<b>Net cash from Financing Activities (C)</b>	<b>(95.38)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(14.61)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>31.91</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>17.30</b>

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**ANNEXURE – IV**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED CONSOLIDATED**  
**SUMMARY STATEMENT**

**A. Significant Accounting Policies**

**1. Principles of Consolidation**

The Consolidated Financial Statements relate to Max Flex & Imaging System Private Limited (herein referred to as the “Company”) and its wholly owned subsidiary company Amprochem Private Limited (herein referred to as the “Subsidiary”) and (herein after collectively both the Company and Subsidiary referred to as the “Group”). The Consolidated Financial Statements have been prepared on the following basis.

- a. The financial statements of the Company and its Subsidiary is combined on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra- group transactions resulting in unrealized profits or losses being eliminated in accordance with Accounting Standard (AS) 21-“Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- b. Investments in Subsidiary are eliminated and differences between costs of investment over the net assets on the date of investment, or on the date of the financial statements immediately preceding the date of investment, in Subsidiary is recognized as goodwill or capital reserve, as the case may be.
- c. Minority Interest’s share of net profit or loss of consolidated Subsidiary for the period is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.
- d. Minority Interest’s share for net assets of consolidated Subsidiary is identified and presented in the consolidated balance sheet as separate items from liabilities and share holders’ equity
- e. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s standalone financial statements.

**2. Method of accounting**

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the in accordance with the Generally Accepted Accounting Principles (“GAAP”) and Accounting Standards referred to in section 211 (3C) and other provisions of the Companies Act, 1956

**Use of estimates**

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the results and estimates are recognized in the period in which the results are known / materialized.

**3. Revenue and Expenditure Recognition**

Income and Expenditure are recognized and accounted on accrual basis.

- (i) Revenue from sale of products is recognized when the risk and reward of ownership of the product is passed on to the customers, which is generally on dispatch of goods. Sales are stated inclusive of Sale/Trade tax
- (ii) Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

**4. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and other directly attributable cost of bringing the assets to its working condition for the intended use.

## **5. Depreciation**

Depreciation on fixed assets is provided on straight-line method over useful life of assets at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

## **6. Amortisation of Intangible Assets**

Brand acquired under the scheme of amalgamation approved by the Honorable High Court is amortized over the period of ten years as per Accounting Standard 26. Goodwill arising on Amalgamation amortized over the period of five years as per Accounting Standard 14.

## **7. Inventories**

Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at Cost or Net Realizable Value, whichever is less.

## **8. Accounting for Taxes on Income and Deferred Tax**

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income tax Act, 1961.

Deferred tax resulting from timing differences between accounting and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Where there is Unabsorbed Depreciation or carry forward loss under tax laws, Deferred Tax Asset are recognized only if there is virtual certainty of realization of Assets.

## **9. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or at the rates covered by the forward contracts. The exchange differences on conversion are adjusted to:

- a. Cost of Fixed Assets, if the foreign currency liability relates to the fixed assets.
- b. Profit and Loss, if the foreign currency liability relates to these items.
- c. Bank charges, if the foreign currency liability relates to conversion of bank's credit facility into foreign currency.

## **10. Accounting of Employee Benefits**

The Company has for its employees in India, benefits such as Gratuity and Provident Fund. Provision for gratuity is made on the basis of actuarial valuation and charged to Profit and Loss account. The Company's contribution to the provident fund along with the employee share of provident fund deducted from the salary is paid into Employee Provident Fund of Government of India. The Company's contribution to EPF is charged to revenue.

## **11. Provisions and Contingent Liabilities**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

## **12. Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount

and the amount of such impairment loss is charged to profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

### 13. Preliminary & Shares Issue Expenses

Preliminary expenses and share issue expenses are written off in the years in which incurred.

### 14. Investments

Investments are classified into Trade, Unquoted government Bonds and other current investments based on the management's intention at the time of purchase. These investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments, determined separately for each investment. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. The comparison of cost and fair value is done separately in respect of each category of investments.

### B. Notes to Accounts

- The Subsidiary companies in the consolidated financial Statements are:

Sr. No	Name of the subsidiary	Country of Incorporation	Date of Acquisition	Proportion of ownership interest
1	Amprochem Private Ltd	India	01-04-2010	100%

- The Previous year's figures have been regrouped and rearranged wherever found necessary. Figures in bracket indicate previous year figures.
- The balances of sundry debtors and creditors and loans and advances are subject to confirmation. The management however does not expect any material variance.

### 4. Deferred Tax:

The Company has recognized deferred tax arising on account of timing differences, being the difference between the taxable incomes and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS 22) – Accounting for Taxes on Income issued by Institute of Chartered Accountants of India.

The major components of Deferred Tax Assets / (liabilities) arising on account of timing differences are as follows:

		(₹ in mn.)
Deferred Tax (Assets) / Liabilities		June 30, 2010
Opening Deferred Tax (Asset)/Liability [Stand Alone]		10.13
Add: Due To Consolidation		0.82
Add: Deferred Tax Liability Created During the Year		0.92
Less: Deferred Tax Asset Created During the Year		Nil
Deferred Tax (Asset)/Liability as on 30.06.2010		11.87

### 5. Events Occurring after the Balance Sheet date:

a) Company at its board meeting dated July 29, 2010 passed a resolution for conversion of Max Flex & Imaging Systems Pvt. Ltd. from a private limited company to a public limited company, which was approved at Company's extraordinary general meeting held on August 26, 2010 by shareholders and the Company was converted to public limited company with effect from September 16, 2010.

b) Company at its board meeting dated on August 5, 2010 passed a board resolution for allotment of further 50,000 equity shares of ₹ 10 each and equity share capital was increased from 80,99,834 equity shares of ₹ 10 each to 81,49,834 equity shares of ₹ 10 each.

c) Company has incorporated its new wholly owned Subsidiary in the name of Max Apollo Flex Digital Ltd. having its incorporation date as September 7, 2010.

d) Company at its board meeting dated September 16, 2010 passed special resolution for increasing authorised share capital from ₹ 15,00,00,000 to ₹ 20,00,00,000, which was approved by shareholders at extraordinary general meeting dated September 28, 2010 and company's current authorized capital stands at ₹ 20,00,00,000

e) Company at its board meeting dated September 16, 2010 passed a resolution for declaring bonus in the ratio of 1:2 that is one equity share for every two equity shares held by the shareholder of the Company. As a result of which 40, 74,917 bonus equity shares were allotted.

f) Company at its board meeting dated November 12, 2010 passed a resolution for allotment of further equity share allotment of 3,02,000 shares Face Value of ₹ 10 each at a premium of ₹ 170 each.

g) The Company has entered into an Investment Agreement dated November 03, 2010 ("Investment Agreement"), with Shanghai Lanquan Plastic Products Company Limited ("LQ"), a company incorporated in the People's Republic of China for the purpose of carrying on manufacturing of PVC flex. Under the Investment Agreement, LQ shall subscribe to 25% of the share capital of Max Apollo Flex Digital Limited ("Max Apollo") for a total cash consideration of ₹ 83.60 mn and the Company has agreed to subscribe to additional equity share capital of Max Apollo. LQ has also agreed to provide technical assistance to Max Apollo to setup the manufacturing plant, vide Technical Assistance Agreement dated November 03, 2010.

## **6. Acquisition/Merger of Subsidiaries:**

The Company has acquired 1,64,499 equity shares of Amprochem Private Limited on April 1, 2010 constituting 100% shareholding of Amprochem Private Limited from its share holders, thereby making it a 100% Subsidiary of the Company. The Company further subscribed to additional 750,000 equity shares of Amprochem Private Limited on April 15, 2010 by infusing the additional capital at 10 per share.

7. Company has incorporated its new wholly owned subsidiary in the name of Max Apollo Flex Digital Ltd. having its incorporation date as September 7, 2010.

8. Related Party Transactions (in respect of related parties as of the date of this report):

A. Name of the related parties:

### **i. Key Managerial Personnel & Relatives:**

#### **Max Flex Imaging Systems Private Limited (Parent Company)**

- a) Hitesh R. Jobalia - Managing Director
- b) Nimesh N. Shah – Whole Time Director
- c) Dipti H. Jobalia – Executive Director
- d) Nikita N. Shah – Executive Director
- e) Kirti R. Doshi – Executive Director
- f) Rajesh C. Dadia – Non – Executive Director

#### **Amprochem Private Limited (Subsidiary)**

- a) Jaishankar Sthanmurthy – Executive Director
- b) Ravi Subramaniam – Executive Director
- c) Murali Attali – Executive Director
- d) Lalita Jai Shankar- Wife of Jaishankar Sthanmurthy



- e) Meena Ravi – Wife of Ravi Subramaniam  
f) Sitadevi Attili – Wife of Murali Attili.

**ii. Enterprises controlled by Key Management personnel and Individual having significant influence:**

- a) Amritlal & Co.

**1. Transactions with related parties:**

		(₹ in mn.)
Particulars	June 30, 2010	
Remuneration to Hitesh R. Jobalia		1.50
Remuneration to Nimesh N. Shah		0.38
Remuneration to Dipti H. Jobalia		1.20
Remuneration to Nikita N. Shah		0.15
Remuneration to Kirti R. Doshi		0.90
Remuneration to Rajesh C. Dadia		0.57
Remuneration to Jaishankar Sthanmurthy		0.45
Remuneration to Ravi Subramaniam		0.45
Remuneration to Murali Attili		0.45
Remuneration to Lalita Jaishankar		0.15
Remuneration to Meena Ravi		0.15
Remuneration to Sitadevi Attili		0.15

**9. Earnings per share has been computed as under:**

		(₹ in mn.)
Particulars	June 30, 2010	
<b>Net Profit after Tax available for the Equity Shareholders</b>		<b>65.56</b>
<b>Weighted average Basic number of Equity Shares</b>		<b>80,99,834</b>
<b>Nominal/Face Value of Equity Shares</b>		<b>10</b>
<b>Basic and Diluted Earnings Per Share</b>		<b>8.09</b>
<b>Weighted average Basic number of Equity Shares ( After Bonus)</b>		<b>1,21,49,751</b>
<b>Basic and Diluted Earnings Per Share ( After Bonus)</b>		<b>5.40</b>

**10. Amortization:**

Brand – ‘MAXXX – Generation Next’ valued at ₹37.50 millions which was acquired under the scheme of amalgamation approved by the Honorable High Court and is Amortized over the period of ten years as per Accounting standard- 26, this is the third year of amortization and the amortization for the current quarter is ₹ 9,34,932. Goodwill arising on Amalgamation is ₹ 48,11,660 Amortized over the period of five years as per Accounting Standard-14 and amortization during the current quarter is ₹ 2,39,924.

**11. Segment Reporting:**

No reportable segment can be established as the company is engaged only in business of printing consumables and the geographical segments do not satisfy the conditions laid down in Accounting Standard – 17 pertaining to Segment Reporting.

**11. Contingent Liability**

		(₹ in mn.)
Particulars	June – 2010	
Commissioner Appellate Proceedings in respect of A.Y.2006-07		2.33
Tribunal Appellate Proceedings in respect of A.Y.2003-04		1.37

**ANNEXURE V**  
**RECONCILIATION STATEMENT OF PROFIT & LOSS AFTER DUE TO RESTATEMENTS**  
**AND OTHER MATERIAL ADJUSTMENTS MADE TO CONSOLIDATED FINANCIAL**  
**STATEMENTS**

		(₹ in mn.)
Particulars	June 30, 2010	
Profit After Tax (as Per consolidated Audited Balance Sheet)		65.56
On Account of Gratuity		-
On Account of Preliminary Expenses		-
On Account of Provision of Taxes		-
<b>Profit / (Loss) after tax as restated</b>		<b>65.56</b>

**ANNEXURE VI**  
**STATEMENT OF ACCOUNTING RATIOS, AS RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	June 30, 2010
Basic Earnings per share (₹) [Prior to issue of Bonus]	8.09
Basic Earnings per share (₹) [Post to issue of Bonus]	5.40
Diluted Earnings per share (₹) [Prior to issue of Bonus]	8.09
Diluted Earnings per share (₹) [Post to issue of Bonus]	5.40
Return On Net Worth* (%)	13.63%
Net Asset Value/Book value Per share (₹)	59.38
No of shares outstanding at closing date	8,099,834
Weighted average number of equity shares during the year considered for Basic EPS.	8,099,834
Weighted average number of equity shares after bonus.	12,149,751
Weighted average Diluted number of equity shares during the year considered.	8,099,834
Weighted average Diluted number of equity shares after bonus during the year considered.	12,149,751

$$\text{Basic Earnings per share (₹)} = \frac{\text{Restated Net Profit After Tax}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earning per share (₹)} = \frac{\text{Restated Net Profit After Tax}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Restated Net Profit After Tax}}{\text{Net Worth at the end of the year}}$$

$$\text{Net asset value} = \frac{\text{Net Worth at the end of the year}}{\text{Actual number of equity shares outstanding at end of the year}}$$

\*Restated Net Profit After Tax is calculated before & after extraordinary items

**ANNEXURE VII**  
**CAPITALIZATION STATEMENT AS AT JUNE 30, 2010, AS RESTATED CONSOLIDATED**  
**AUDITED FINANCIAL STATEMENTS**

(₹ in mn.)

Particulars	Pre Issue As at June 30, 2010	Post Issue*
<b>Total Debt:</b>		
Short Term Debt	1,107.54	[●]
Long Term Debt	44.27	[●]
<b>Shareholders Funds:</b>		
Share Capital	81.00	[●]
Reserves & Surplus	400.01	[●]
Less: Misc. Expenditure	-	[●]
Total Shareholders Funds	481.01	[●]
<b>Long Term Debt / Shareholders funds</b>	0.09:1	[●]

- 1 Short term debts represent debts which are due within twelve months from June 30, 2010.
- 2 Long term debts represent debts other than short term debts, as defined above.
- 3 The figures disclosed above are based on the Standalone Restated Summary Statement of Assets and Liabilities of the Company as at June 30, 2010
- 4 Long Term debt to Equity = Long Term Debts / Shareholders' Funds
- 5 The corresponding post issue figures are not determinable at this stage and will be mentioned after the Issue.
- 6 The Company has issued 50,000 equity shares on August 5, 2010 of the face value of ₹ 10 each aggregating to ₹ 0.5 Millions.
- 7 The Company has issued bonus equity shares on September 27, 2010 in the ratio of one share for every two share held by existing share holders of the face value of ₹ 10 each aggregating of 4,074,917 number of shares
- 8 The Company has issued 3,02,000 equity shares on November 12, 2010 of the face value of ₹ 10 each aggregating to ₹ 30,20,000 at share premium of ₹ 5,13,40,000

**ANNEXURE VIII**  
**STATEMENT OF SECURED LOANS, AS RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in mn.)

Particulars	June 30, 2010
Vehicle Loan	14.91
Working Capital & other Business Loan	1,120.45
<b>Total</b>	<b>1135.36</b>

**A) Vehicle Loan Are Secured Against Respective Vehicles:**

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Terms Of Repayment
1	Citibank, N.A.	0.29	18.00%	49 Monthly Installment of ₹ 20,559/- ended in Oct – 2011
2	Citicorp Maruti Finance Limited.	0.10	12.46 %	60 Monthly Installment of ₹ 6,547/- ended in March-2012
3	HDFC Bank Limited	0.27	13.16%	60 Monthly Installment of ₹ 13,885/- ended in April – 2012
4	HDFC Bank Limited	1.33	11.08%	36 Monthly Installment of ₹ 65,000/- ended in May – 2012
5	HDFC Bank Limited	0.68	11.56%	60 Monthly Installment of ₹ 18,233/- ended in April – 2014
6	HDFC Bank Limited	0.60	11.56%	60 Monthly Installment of ₹ 16,075/- ended in April – 2014
7	HDFC Bank Limited	0.62	12.46%	59 Monthly Installment of ₹ 22,455/- ended in March – 2013
8	HDFC Bank Limited	0.20	10.43%	36 Monthly Installment of ₹ 28,800/- ended in January – 2011
9	ICICI Bank Limited	0.20	11.12%	36 Monthly Installment of ₹ 23,724/- ended in March – 2011
10	ICICI Bank Limited	1.75	Nil	36 Monthly Installment of ₹ 83,334/- ended in March- 2012
11	ICICI Bank Limited	0.19	17.80%	35 Monthly Installment of ₹ 15,425/- ended in August – 2011
12	ICICI Bank Limited	0.19	17.80%	35 Monthly Installment of ₹ 15,425/- ended in August – 2011
13	ICICI Bank Limited	0.20	17.00%	47 Monthly Installment of ₹ 8,141/- ended in March- 2013
14	ICICI Bank Limited	0.35	17.22%	35 Monthly Installment of ₹ 28,391/- ended in August- 2011
15	ICICI Bank Limited	0.32	14.49%	47 Monthly Installment of ₹ 15,623/- ended in June – 2012
16	ICICI Bank Limited	0.27	10.00%	60 Monthly Installment of ₹ 20,600/- ended in August- 2011
17	ICICI Bank Limited	0.06	15.80%	48 Monthly Installment of ₹ 6,300/- ended in May -2011
18	Kotak Mahindra Prime Limited	0.66	10.49%	59 Monthly Installment of ₹ 15,850/- ended in October – 2014
19	Kotak Mahindra Prime Limited	0.41	9.93%	35 Monthly Installment of ₹ 19,182/- ended in June- 2012
20	Reliance Capital Limited	0.38	17.02%	47 Monthly Installment of ₹ 13,287/- ended in August- 2013
21	Reliance Capital Limited	0.40	17.02%	47 Monthly Installment of ₹ 14,010/- ended in August- 2013
22	Reliance Capital Limited	0.43	16.52%	47 Monthly Installment of ₹ 13,735/- ended in November- 2013
23	Reliance Capital Limited	0.30	16.52%	47 Monthly Installment of ₹ 9,525/- ended in November- 2013
24	Reliance Consumer Finance Private Limited	0.53	15.02%	47 Monthly Installment of ₹ 17,592/- ended in September- 2013
25	Reliance Consumer Finance	0.39	17.04%	47 Monthly Installment of ₹ 13,291/- ended

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Terms Of Repayment
	Private Limited			in September- 2013
26	Sundaram Finance Limited	0.10	12.99%	35 Monthly Installment of ₹ 13,585/- ended in February – 2011
27	HDFC Bank Ltd	0.50	11.79%	60 Monthly Installment of ₹ 13,660/- ending in April - 2014
28	Cholamadalam DBS Financial Limited	0.18	7.50%	47 Monthly Installment of ₹ 10,511/- ending in December - 2011
29	ICICI Bank Limited	0.21	16.99%	47 Monthly Installment of ₹ 8,551/- ending in January- 2013
30	Kotak Mahindra Prime Limited	0.56	10.75%	35 Monthly Installment of ₹ 18,720 ending in May- 2015
31	Kotak Mahindra Prime Limited	0.80	9.14%	59 Monthly Installment of ₹ 16,950 ending in May- 2015
32	ICICI Bank Limited	0.39	9.27%	36 Monthly Installment of ₹ 12,355 ending in January- 2013
33	HDFC Bank Ltd	0.43	11.50%	59 Monthly Installment of ₹ 9,643 ending in May- 2015
34	Kotak Mahindra Prime Limited	1.02	9.14%	59 Monthly Installment of ₹ 21,435 ending in May- 2015
<b>Total</b>		<b>14.91</b>		

## B) Working Capital and other Business Loan

(₹ in mn.)

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Sanction Amount	Rate of Interest	Security
1	State Bank of India (Working Capital Loan , Foreign Currency Non- Residential , Stand By Line Of Credit )	1067.87	1115.00	11.75%	As Mentioned Below
2	S. E. Investments Limited (Business Loan)	22.50	22.50	10.75%	Pledged against Equity Shares of Promoters
3	Indian Overseas Bank(Cash Credit)	30.08	30.00	BPLR - 0.75%	As Mentioned Below
<b>Total</b>		<b>1120.45</b>			

### Security for State Bank of India Loan:

#### 1) Primary Security:

Hypothecation of stocks & book debts & other current assets.

#### 2) Collateral Security:-

- I. Residential flat A/101, Simla House at 51/B, Napean SEA Road, Mumbai – 400 036 standing in the name of Shri Hitesh Jobalia.
- II. Row House at Plot No. 198, Sector – 16 A, Nerul, Navi Mumbai Pin – 400 706, in the name of Smt. Dipti Jobalia.
- III. Office premises at Unit No. 101, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Smt. Dipti Jobalia and Mr. Nimesh Shah.
- IV. Office premises at Unit No. 102, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Shri Hitesh Jobalia

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- V. Office premises at Unit No. 103, First Floor, Prime Plaza Premises CHS. B. M. Marg, Opp. Elphinstone Road Stn. (West) Mumbai – 013, in the name of Company erstwhile
- VI. Shop No. 5, 6, 7 & 8 at Agarwal Pride, Ground Floor, C – Wing, Kasba Peth, Near Surya Hospital, Pune – 411 011 in the name of company erstwhile, area app. 1351 sq.ft.
- VII. Land & Building and site development at Plot No. R – 407, TTC Indl Area, MIDC Rabale, Thane – Belapur Road, Navi Mumbai, in the name of Amprochem Pvt. Ltd.
- VIII. Flat No. 105- B, 1ST Floor, A Block, Simla House CHS, Plot No. 51/B, Nepean Sea Road Mumbai – 400006 in the name of.
- IX. Shop No 2 & 5 B Wing, Agarwal Pride, Ground Floor, Kasba Peth, Near Surya Hospital, Pune – 411 011 in the name of company erstwhile M/s.
- X. Shop No. F- 3/5, Gr. Floor, Sector 9, Vashi Navi Mumbai in the name of Smt. Amita K. Sheth.
- XI. Flat No. at B/801, 8th Floor, Neel Sidhi, Plot No. 195, Sector 12, Vashi, Navi Mumbai – 400 705 in the joint names of Shri Kiran Sheth & Smt. Amita Sheth.
- XII. Office premises at unit No 104, Prime Plaza Premises CHS, Old Carrol Rd., B.M. Marg, Opp. Elphinstone Road Stn. (west) Mumbai – 400013 in the name of merged Company M/s. Max Film Converters (India) Ltd.
- XIII. Flat No 62, 6th Floor, Shree Brij Kutir CHS, 68/A, A. L. Jagmohandas Marg, Mumbai – 400 006 in the name of Shri Kriti R. Doshi.
- XIV. Lien on TDR OF ₹ 0.40 Crores in the name of the Company
- XV. EM OF Godown premises no 15 & 16 in the name of Company at Bldg. No. H, Gr. & First floor, Maa Padamavati Complex, Dapoda Road, Village Val, Taluka Bhiwandi In the name of the Company.
- XVI. Godown no. 14 Gr. & First Floor, Bldg No. H, Maa Padmavati Complex, Dapoda Road at val village, Taluka Bhiwandi in the name of the Company.
- XVII. Land in the name of the Company at Door No. New 15 Old 7, Bharathi Salai (Pycroft Road), Triplicane Chennai – 600 005.
- XVIII. Flat A – 104/105, at Simla House CHS, 51/B Nepean Sea Road, Mumbai – 400 006 standing in the name of Shri Navin V. Shah.
- XIX. Office Premises at Unit No. 4 – B – 2, Gr. Floor, Bldg. No. 1 Prime Plaza Premises CHS, Old Carrol Road, B. M. Marg, Opp. Elphinstone Road Stn. (west) Mumbai – 013, in the name of the Company.
- XX. Unit No 7, Gr. Floor, Bldg No.3, Carrol Road, Opp. Elphinstone Road (west) Mumbai – 013 in the name of the Company.
- XXI. Flat A – 101, at Pleasant Park CHS Peddar Road, Mumbai – 26 in the name of Mr. Rajesh C Dadia & Kalpana R. Dadia.
- XXII. Commercial office Gala No 2, Ground Floor, Sadhana Industrial Estate, Oshiwara, Goregaon(W) Mumbai in the name of the Company.
- XXIII. Flat No. 101, 1st Floor, Nav Krishna Kunj Co – op Housing Society Ltd. 212, Walkeshwar Road Mumbai - 400 006, in the name of Shri. Hemant R Shah.
- XXIV. Office at 1 & 2., Shreenath Estate – 02, Nr. Pragati High School, Opp. Anupam Cinema , Khokhre, Ahmedabad, in the name of Company.
- XXV. Land & Bungalow Chitnis Banglows, S.No.574, Plot No.45, Lening Chowk, Chitod Road, Dhule-424001 in the joint names of Shri Sushilchandra Shah and Shri Dhirajlal Shah.
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### **3) Personal Guarantee of Directors of the Company**

- I. Shri Hitesh Jobalia
- II. Smt. Dipti Jobalia
- III. Shri Nimesh N Shah
- IV. Smt. Nikita N Shah
- V. Shri Kirti R. Doshi

### **4) Third Party Guarantee of**

- I. Shri Navin Shah
- II. Shri Rajesh C. Dadia
- III. Smt Kalpna R, Dadia
- IV. Shri Kiran Sheth
- V. Smt Amita Sheth
- VI. Shri. Hemant R Shah
- VII. Shri Dhirajlal Shah
- VIII. Shri Sushilchandra Shah

### **5) Corporate Guarantee of:**

- I. Amprochem Pvt. Ltd.

### **Security for Indian Overseas Bank Cash Credit:**

#### **1) Primary Security:-**

Hypothecation of stocks & book debts & other current assets.

#### **2) Collateral Security:-**

- I. Office premises at unit No 111, Prime Plaza Premises CHS, Old Carrol Rd., B.M. Marg, Opp. Elphinstone Road Stn. (west) Mumbai – 400013 in the name Amprochem Private Limited.
- II. Factory Land & Building & Plant and Machinery at plot no A 11, MIDC, Badlapur Industrial Area, Dist Thane & other misc fixed assets in name of Amprochem Private Limited.

**3) Personal Guarantee of Directors of the Company:-**

- I. Shri Jaishankar Sthanmurthy
- II. Shri Ravi Subramaniam
- III. Shri Murali Attili
- IV. Shri Hitesh Jobalia
- V. Smt Dipti Jobalia

**ANNEXURE IX**  
**STATEMENT OF UNSECURED LOANS, AS RESTATED CONSOLIDATED AUDITED FINANCIAL STATEMENTS**

(₹ in mn.)

Particulars	June 30, 2010
Business Loan	16.45
<b>Total</b>	<b>16.45</b>

There are no other unsecured loans who are related to the directors, promoters, promoter group, group companies or associated companies for the aforementioned year.

**Details of Principal Terms and Conditions of Unsecured Loans Outstanding As At June 30, 2010**

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Whether can be recalled by the lender anytime	Terms Of Repayment
1	Bajaj Auto Finance Limited	1.54	20.26%	Not Available	36 Monthly Installment of ₹ 1,11,873/- ended in October-2011
2	Barclays Bank PLC	0.61	19.00%	Not Available	36 Monthly Installment of ₹ 1,28,296/- ended in November-2010
3	Barclays Bank PLC	0.25	18.00%	Not Available	Monthly Installment of ₹ 54,984/-
4	Citibank N.A.	0.08	18.00%	Not Available	36 Monthly Installment of ₹ 39,768/- ended in August-2010
5	Citibank N.A.	0.29	18.00%	Not Available	36 Monthly Installment of ₹ 20,562/- ended in October-2011
6	HDFC Bank Limited	0.22	19.00%	Not Available	36 Monthly Installment of ₹ 45,825/- ended in November-2010
7	HDFC Bank Limited	0.38	16.99%	Not Available	36 Monthly Installment of ₹ 78,430/- ended in November-2010
8	HDFC Bank Limited	0.26	19.00%	Not Available	36 Monthly Installment of ₹ 54,990/- ended in November-2010
9	Indiabulls Financial Services Limited	0.30	20.00%	Not Available	36 Monthly Installment of ₹ 78,044/- ended in October-2010
10	Indiabulls Financial Services Limited	0.35	19.00%	Not Available	36 Monthly Installment of ₹ 73,313/- ended in November-2010
11	Kotak Mahindra Bank Limited	0.67	19.00%	Yes	36 Monthly Installment of ₹ 73,320/- ended in April-2011
12	Kotak Mahindra Bank Limited	2.89	19.00%	Yes	36 Monthly Installment of ₹ 1,46,624/- ended in June-2012
13	Reliance Capital Limited	0.63	20.00%	Not Available	36 Monthly Installment of ₹ 1,11,491/- ended in December-2010
14	Religare Finvest Limited	0.64	19.00%	Not Available	12 Monthly Installment of ₹ 3,28,999/- ended in August-2010
15	Standard Chartered Bank PLC	0.21	18.00%	Not Available	36 Monthly Installment of ₹ 25,306 ended in March-2011
16	Standard Chartered Bank PLC	0.39	19.00%	Not Available	36 Monthly Installment of ₹ 1,09,968 ended in October-2010
17	Standard Chartered Bank PLC	0.26	19.00%	Not Available	36 Monthly Installment of ₹ 73,312 ended in October-2010
18	Standard Chartered Bank PLC	0.69	19.00%	Not Available	36 Monthly Installment of ₹ 1,09,968/- ended in January-2011
19	Tata Capital Limited	2.12	19.00%	Not Available	36 Monthly Installment of ₹ 91,641/- ended in November-2012
20	Kotak Mahindra Bank Limited	0.84	17.90%	Not Available	36 Monthly Installment of ₹ 36,103 ending in November 2012
21	ABN Amro	1.27	18.50%	Not Available	36 Monthly Installment of ₹ 54,606 ending in November 2012
22	Bajaj Finance	1.23	18.00%	Not Available	36 Monthly Installment of ₹ 54,771 ending in Oct 2012

Sr. No.	Name of Financial Institution/Banks	Amount outstanding	Rate of Interest	Whether can be recalled by the lender anytime	Terms Of Repayment
23	Citi Bank	0.32	15.00%	Not Available	60 Monthly Installment of ₹ 23,790 ending in September 2011
<b>Total</b>		<b>16.45</b>			

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**ANNEXURE X**  
**STATEMENT OF SUNDRY DEBTORS, AS RESTATED CONSOLIDATED FINANCIAL**  
**STATEMENTS**

(₹ in mn.)	
Particulars	June 30, 2010
Debtors outstanding for a period exceeding six months	279.38
Others	901.15
<b>Total</b>	<b>1,180.53</b>

There are no sundry debtors who are related to the directors, promoters, promoter group, group companies or associated companies for the aforementioned years.

**ANNEXURE XI**  
**STATEMENT OF INVESTMENTS, AS RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

		(₹ in mn.)
Particulars	June 30, 2010	
Investments In N.S.C.		0.03
S.B.I Infrastructure Fund (Growth)		0.10
Shares of Simla House Co-operative Society		0.02
Equity shares of Janakalyan Sahakari Bank		0.08
<b>Total</b>		<b>0.23</b>

Particulars	June 30, 2010	
S.B.I Infrastructure Fund (Growth)	Book Value	0.10
	Market Value	0.10

**ANNEXURE XII**  
**STATEMENT OF DIVIDEND PAID, AS RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

		(₹ in mn.)
Particulars	June 30, 2010	
Equity Share Capital	80,998,340	
No. of Equity Shares	8,099,834	
Rate of Dividend	Nil	
Amount of Dividend	Nil	
Tax on Dividend	Nil	



**ANNEXURE XIII**  
**STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

<b>Name of the Related Party</b>	<b>Relationship</b>
<b>Key Managerial Personnel</b>	
Hitesh R. Jobalia	Managing Director
Nimesh N. Shah	Whole Time Director
Vasant Khopade	Executive Director (up to August 2008)
Dipti H. Jobalia	Executive Director
Nikita N. Shah	Executive Director
Kirti R. Doshi	Executive Director
Rajesh Dadia	Non - Executive Director
Jaishankar Sthanmurthy	Executive Director ( Amprochem)
Ravi Subramaniam	Executive Director ( Amprochem)
Murali Attili	Executive Director ( Amprochem)
<b>Relative of Key Managerial Person</b>	
Lalita Jai Shankar	Wife Jaishankar Sthanmurthy
Meena Ravi	Wife Ravi Subramaniam
Sitadevi Attili	Wife Murali Attili
<b>Companies in which Directors are substantially interested</b>	
Amritlal & Co	Nimesh N. Shah , Nikita N Shah are Partner

*l(₹ in mn.)*

<b>Name of Related Party</b>	<b>Nature of Transaction</b>	<b>June 30, 2010</b>
Hitesh R. Jobalia	Remuneration	1.50
Nimesh N. Shah	Remuneration	0.38
Dipti H. Jobalia	Remuneration	1.20
Nikita N. Shah	Remuneration	0.15
Kirti R. Doshi	Remuneration	0.90
Rajesh Dadia	Remuneration	0.57
Jaishankar Sthanmurthy	Remuneration	0.45
Ravi Subramaniam	Remuneration	0.45
Murali Attili	Remuneration	0.45
Lalita Jai Shankar	Remuneration	0.15
Meena Ravi	Remuneration	0.15
Sitadevi Attili	Remuneration	0.15

There are no outstanding payable and receivable balances that are related to the directors, promoters, promoter group, group companies or associated companies for the aforementioned period.

**ANNEXURE XIV**  
**STATEMENT OF TAX SHELTERS, AS RESTATED CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in mn.)	
Particulars	June 30, 2010
<b>Profit before current and deferred taxes, as restated (A)</b>	<b>96.93</b>
Tax rate, %	33.99%
Tax impact	32.94
Permanent differences	(0.38)
<b>Total (B)</b>	<b>(0.38)</b>
Temporary differences	-
Difference between book depreciation and income tax depreciation	2.69
Other Differences	5.00
<b>Total (C)</b>	<b>7.69</b>
<b>Net Adjustment (D=B+C)</b>	<b>7.31</b>
Tax saving thereon	2.48
<b>Net tax payable as per income tax returns (E=A-D)</b>	<b>30.46</b>

## OUR GROUP ENTITIES

In addition to our Promoters and our Subsidiaries, the following entities form part of our Group Entities as defined by SEBI ICDR Regulations:

### PARTNERSHIP FIRMS

#### 1. M/s. Amritlal & Co.

M/s. Amritlal & Co. is a partnership firm formed under a partnership deed dated April 01, 1993. M/s. Amritlal & Co. has its office at 246, Nagdevi Street, Mumbai – 400023, Maharashtra, India.

M/s. Amritlal & Co. is currently engaged in the business *inter alia* of trading of agricultural equipments and goods.

#### *Partners of M/s. Amritlal & Co.*

As on March 31, 2010, M/s. Amritlal & Co. has three partners and their profit sharing ratio is as follows:

Names of Partners	Percentage of Profit Sharing
Mr. Navin Shah	50.00%
Mr. Nimesh Shah	25.00%
Ms. Nikita Shah	25.00%
<b>Total</b>	<b>100.00%</b>

#### *Financial Performance*

The audited financial accounts of M/s. Amritlal & Co. for the last three years are as follows:

Particulars	For the Fiscal			(₹ in mn.)
	2008	2009	2010	
Total Income	1.51	1.86	1.09	
Profit / (Loss) after tax	0.01	0.01	0.01	
Capital Account	0.52	0.61	0.76	

For details of our Subsidiaries, please refer to the chapter titled “*History and Other Corporate Matters*” on page 157 of the Draft Red Herring Prospectus.

#### **Sale and purchase between Group Entities/ associate companies**

There are no sales or purchase between Group Entities/associate companies exceeding an aggregate value of 10% of the total sales or purchases of our Company during the last three years except as disclosed in the section titled “*Statement of Related Party Transactions, as Restated*” being Annexure XIII and “*Financial Statements*” on pages 218 and 192 of the Draft Red Herring Prospectus.

#### **Previous public or rights issues by our Group Entities**

None of our Group Entities are presently listed on any stock exchanges, nor have made any public or rights issues in the preceding three years.

#### **Business interest of the Group Entities/ associate companies in our Company**

Except as disclosed in the section titled “*Statement of Related Party Transactions, as Restated*” being Annexure XIII and “*Financial Statements*” on page 218 and 192 of the Draft Red Herring Prospectus, none of our Group Entities/ associate companies have business interests in our Company.

#### **Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years**

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus

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**Common pursuits**

There exists no conflict of interest arising out of common pursuits between our Group Entities/ Subsidiaries and our Company. However, we shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise.

**Other Confirmations**

No application has been made, in respect of any of the Group Entities, to the Registrar of Companies for striking off their names.

Additionally, none of our Group Entities have become defunct in the five years preceding the filing of the Draft Red Herring Prospectus, nor has any Group Entity been declared as a sick industrial company under the provisions of the SICA.

Further, our Group Entities have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of the Group Entities have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

**Litigation**

For details of relating to the legal proceeding involving our Group Entities, refer chapter titled “*Outstanding Litigations, Material Developments and Other Disclosure*” beginning on page 276 of the Draft Red Herring Prospectus.

## FINANCIAL INDEBTEDNESS

The following is a summary of our Company's indebtedness as on November 15, 2010:

(₹ in mn.)		
Sr. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	1,690.75
2.	Unsecured Borrowings	7.20

### A) Details of Secured Borrowings:

#### 1. Working Capital Demand Loans

Our Company's working capital demand loans outstanding as on November 15, 2010 amount to ₹ 1679.18 millions. The details of the individual borrowings are set out below:

##### i. State Bank of India

Lender	Amount Sanctioned (₹ in mn.)	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹ in mn.)	Repayment Schedule and Interest
State Bank of India ("Bank")	1,712.80 (Fund based: ₹ 1,000.00 mn.; Non-Fund based: ₹ 712.80 mn.)	Facility originally sanctioned on November 28, 2002. This facility has since been modified on several occasions, with the latest modification being on the date August 06, 2010.	1,664.18	Repayable on demand with interest at 11.75% per annum

### Description of security:

Sole charge on

- Residential Flat number A/101, Simla House at 51/B, Napean Sea Road, Mumbai – 400 036, Maharashtra, India
- Flat number A-104/105, at Simla House CHS, 51/B, Napean Sea Road, Mumbai – 400 006, Maharashtra, India
- Row House at Plot number 198, Sector – 16A, Nerul, Navi Mumbai – 400 706, Maharashtra, India
- Office premises at Unit number 101, First Floor, Prime Plaza Premises CHS, B. M. Marg, Opposite Elphinstone Station Road (West) Mumbai – 400 013, Maharashtra, India
- Office premises at Unit number 102, First Floor, Prime Plaza Premises CHS, B. M. Marg, Opposite Elphinstone Station Road (West) Mumbai – 400 013, Maharashtra, India
- Office premises at Unit number 103, First Floor, Prime Plaza Premises CHS, Old Carrol Road, B. M. Marg, Opposite Elphinstone Station Road (West) Mumbai – 400 013, Maharashtra, India
- Shop number 5, 6, 7 and 8 at Agarwal Pride, Ground Floor, C-Wing, Kasba Peth, Near Surya Hospital, Pune – 411 011, Maharashtra, India
- Land and building and site development at Plot number R-407, TTC Industrial Area, MIDC Rabale, Thane-Belapur Road, Navi Mumbai, Maharashtra, India
- Flat number 105-B, 1<sup>st</sup> floor, A Block, Simla House CHS, Plot number 51/B, Napean Sea Road, Mumbai - 400 006, Maharashtra, India in the name of M/s. Max Traders
- Shop number 2 and 5, B Wing, Agarwal Pride, Ground Floor, Kasba Peth, Near Surya Hospital, Pune – 411 011, Maharashtra, India
- Shop number F-3/5, Ground Floor, Sector 9, Vashi, Navi Mumbai, Maharashtra, India
- Flat number B/801, 8<sup>th</sup> Floor, Neel Sidhi, Plot number 195, Section 12, Vashi, Navi Mumbai – 400 705, Maharashtra, India
- Flat number 62, 6<sup>th</sup> floor, Shree Brij Kutir CHS, 68/A, A. L. Jagmohandas Marg, Mumbai – 400 006, Maharashtra, India
- Flat A-101, at Pleasant Park CHS, Peddar Road, Mumbai – 400 026, Maharashtra, India
- Flat number 204, on second floor, Plot number 556/A, Mid-town Avenue, Adenwala Road, Matunga, Mumbai – 400 019, Maharashtra, India

- Flat number 201, Second floor, Purnima Saurabh CHS Limited, Plot number 57, Sec-29 Vashi, Navi Mumbai – 400 703, Maharashtra, India
- 201, Second floor, Indraprasth-05, “Block I” – Near Flavour restaurant, Prahlad Nagar Road, Ahmedabad, Gujrat, India
- Building number C2, godown number 13 and 14, Sagar Complex, S. number 6, Hissa number 2(p), Opposite Sai petrol pump, Aowli Village, Bhiwandi, Maharashtra, India
- Unit number 4-B-2, Prime Plaza Building number 1, constructed on Cadastral Survey Number 844 of Lower Parel Division, ground floor, J.V. Patel compound, Bala Sheth Madhurkar Marg, Elphinstone (West), Mumbai- 400 013, Maharashtra, India
- Gala number 7, on ground floor of building number 3, situated on land bearing cadastral survey number 844 (P) of Lower Parel division, Carrol road, Lower Parel, Mumbai, Maharashtra, India
- Commercial Office Gala number 2, on ground floor, Sadhana Industrial Estate, Village Oshiwara, Andheri, Mumbai, Maharashtra, India
- R.S. number 2606/2 admeasuring 1,354 square feet old door number 7, new door number 15, Bharati Salai, (Pycroft road), Triplicane, Chennai- 600 005, Tamil Nadu, India
- Unit number 104, first floor, Prime Plaza, B.M. Marg, opposite Elphinstone road station (West), Mumbai- 400 013, Maharashtra, India
- R.C.C. Godown bearing number 14, ground floor, building number H, Maa Padmavati Complex, Dapoda Road, Mauje Val, Taluka Bhiwandi, District Thane, Maharashtra, India
- R.C.C. Godown bearing numbers 15 and 16, ground floor, building number H, Maa Padmavati Complex, Dapoda Road, Mauje Val, Taluka Bhiwandi, District Thane, Maharashtra, India
- Office premises numbers 1 and 2, T. P. Scheme number 7, final plot number 19, subplot number D, Sreenath Estate-02, near Pragati High School, opposite Anupam Cinema, Khokhre, Ahmedabad, Gujrat, India
- RCC godown numbers 13 and 14, each admeasuring 3000 square feet, on Ground floor of the Building number C/2 in Sagar Complex, Village Ovali, Taluka Bhiwandi, District Thane, Maharashtra, India
- Flat number 101, first floor, Nava Krishna Kunj, C.H.S. Limited, 212 Walkeshwar Road, Mumbai- 400 006, Maharashtra, India standing in the name of Mr Hemant R. Shah
- Lien on TDR of ₹ 4,000,000.00 in the name of our Company
- Books debts, moveable property (not being pledged), floating charge including all present and future goods, book debts and all other moveable assets of our Company including the documents of title to the goods outstanding monies, receivables including receivables by way of cash assistance and/or Cash incentives under the Cash Incentive Scheme or any other claims including claims by way of refund of customs/excise duties under the Duty Drawback Credit Scheme or any other scheme, bills, invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investment and rights and all present and future machineries belonging to or in the possession or under the control of our Company or wherever lying stored and kept and whether in possession of our Company or of the banks or of any third party whether in India or elsewhere throughout the World (including all such moveable assets as may be in course of shipment, transit or delivery)

#### Guarantees:

- Personal guarantees of Mr. Hitesh Jobalia, Ms. Dipti Jobalia, Mr. Nimesh Shah, Ms. Nikita Shah and Mr. Kirti Doshi.
  - Third Party guarantee of Mr. Navin Shah, Mr. Rajesh C. Dadia, Ms. Kalpana R. Dadia, Mr. Kiran Sheth, Ms. Amrita Sheth, Mr. Hemant R. Shah, Mr. Deepak Patel.
  - Corporate Guarantees of M/s. Max Traders\*, M/s. Silver Graphics\*\* and Amprochem Private Limited
- \* *This loan has been secured by a charge on property registered in the name of the M/s. Max Traders. However the deed of conveyance has not been executed in favour of our Company. This loan is also secured by personal guarantees by the erstwhile partners of M/s. Max Traders, namely, Mr. Hitesh Jobalia and Ms. Dipti Jobalia.*
- \*\* *This loan has been secured by a charge on property registered in the name of the M/s. Silver Graphics. However the deed of conveyance has not been executed in favour of our Company. This loan is also secured by personal guarantees by the erstwhile partners of M/s. Silver Graphics, namely, Mr. Hitesh Jobalia and Ms. Dipti Jobalia*

## ii. S.E. Investments Limited\*

Lender	Amount Sanctioned (₹ in mn.)	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹ in mn.)	Repayment Schedule and Interest
S.E. Investments Limited	30.00 (Fund based)	Facility sanctioned on January 28, 2010	15.00*	Repayable on demand with interest at 18.00% per annum

\* The loan availed by our Company has been fully repaid and the account with the institution was closed vide letter dated November 23, 2010. Form 17 dated November 23, 2010 has been filed for satisfaction of loan with the Registrar of Companies

## 2. Other loans

Our Company's other secured loans as on November 15, 2010 amount to ₹ 11.58 mn. The details of the individual borrowings are set out below:

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
Citibank N. A.	September 29, 2007	209,167.78	Original loan amount being ₹ 700,000.00 repayable with monthly instalments of ₹ 20,559.00 each over a period of 49 months. Interest: 18.00% Last date of repayment: October, 2011
Citicorp Maruti Finance Limited	September 29, 2006	67,437.93	Original loan amount being ₹ 287,459.00 repayable with monthly instalments of ₹ 6,547 each over a period of 60 months. Interest: 12.46% Last date of repayment: September, 2011
Cholamandalam DBS Finance Limited	February 04, 2008	134,668.00	Original loan amount being ₹ 380,000.00 repayable with monthly instalments of ₹ 10,511.00 each over a period of 47 months. Interest: 7.50% Last date of repayment: December, 2011
HDFC Bank Limited	May 28, 2009	1,067,836.46	Original loan amount being ₹ 1,983,000.00 repayable with monthly instalments of ₹ 65,000.00 each over a period of 36 months. Interest: 11.08% Last date of repayment: April, 2012
HDFC Bank Limited	June 20, 2009	622,883.35	Original loan amount being ₹ 828,000.00 repayable with monthly instalments of ₹ 18,233.00 each over a period of 60 months. Interest: 11.56% Last date of repayment: April, 2014
HDFC Bank Limited	June 20, 2009	549,160.21	Original loan amount being ₹ 730,000.00 repayable with monthly instalments of ₹ 16,075.00 each over a period

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
			of 60 months. Interest: 11.56% Last date of repayment: May, 2014
HDFC Bank Limited	October 11, 2010	455,843.94	Original loan amount being ₹ 617,000.00 repayable with monthly instalments of ₹ 13,660.00 each over a period of 60 months. Interest: 11.79% Last date of repayment: April, 2012
HDFC Bank Limited	December 06, 2008	213,496.52	Original loan amount being ₹ 608,000.00 repayable with monthly instalments of ₹ 13,885.00 each over a period of 60 months. Interest: 13.16% Last date of repayment: April, 2012
HDFC Bank Limited	April 16, 2008	543,188.39	Original loan amount being ₹ 987,000.00 repayable with monthly instalments of ₹ 22,455.00 each over a period of 59 months. Interest: 12.46% Last date of repayment: March, 2013
ICICI Bank Limited	November 22, 2008	126,194.00	Original loan amount being ₹ 425,000.00 repayable with monthly instalments of ₹ 15,425.00 each over a period of 35 months. Interest: 17.80% Last date of repayment: August, 2011
ICICI Bank Limited	November 22, 2008	126,194.00	Original loan amount being ₹ 425,000.00 repayable with monthly instalments of ₹ 15,425.00 each over a period of 35 months. Interest: 17.80% Last date of repayment: August, 2011
ICICI Bank Limited	March 05, 2008	56,889.00	Original loan amount being ₹ 887,000.00 repayable with monthly instalments of ₹ 28,800.00 each over a period of 36 months. Interest: 10.43% Last date of repayment: January, 2011
ICICI Bank Limited	April 10, 2008	92,945.00	Original loan amount being ₹ 730,000.00 repayable with monthly instalments of ₹ 23,724.00 each over a period of 36 months. Interest: 11.12% Last date of repayment: March 10, 2011
ICICI Bank Limited	September 22, 2008	261,961.00	Original loan amount being ₹ 564,500.00 repayable with monthly instalments of ₹ 15,623.00 each over a period



Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
			of 47 months. Interest: 14.49% Last date of repayment: June, 2012.
ICICI Bank Limited	February 25, 2009	184,353.00	Original loan amount being ₹ 292,000.00 repayable with monthly instalments of ₹ 8,551.00 each over a period of 47 months. Interest: 16.99% Last date of repayment: January, 2013
ICICI Bank Limited	March 15, 2010	175,514.00	Original loan amount being ₹ 278,000.00 repayable with monthly instalments of ₹ 8,141.00 each over a period of 47 months. Interest: 17.00% Last date of repayment: January, 2014
ICICI Bank Limited	June 05, 2007	36,114.00	Original loan amount being ₹ 222,000.00 repayable with monthly instalments of ₹ 6,300.00 each over a period of 48 months. Interest: 15.80% Last date of repayment: May, 2011
ICICI Bank Limited	May 15, 2009	1,333,340.00	Original loan amount being ₹ 3,000,000.00 repayable with monthly instalments of ₹ 83,334.00 each over a period of 36 months. Interest: Nil Last date of repayment: March, 2012
ICICI Bank Limited	October 10, 2006	177,905.95	Original loan amount being ₹ 968,000.00 repayable with monthly instalments of ₹ 20,600.00 each over a period of 60 months. Interest: 10.00% Last date of repayment: August, 2011
Kotak Mahindra Prime Limited	October 31, 2009	608,854.00	Original loan amount being ₹ 728,150.00 repayable with monthly instalments of ₹ 15,850.00 each over a period of 59 months. Interest: 10.49% Last date of repayment: October, 2014
Kotak Mahindra Prime Limited	July 24, 2009	335,239.00	Original loan amount being ₹ 580,818.00 repayable with monthly instalments of ₹ 19,182.00 each over a period of 35 months. Interest: 9.93% Last date of repayment: June, 2012
Reliance Consumer Finance Private Limited	October 03, 2009	473,199.24	Original loan amount being ₹ 630,000.00 repayable with monthly instalments of ₹ 17,592.00 each over a period

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
			of 47 months. Interest: 15.02% Last date of repayment: September, 2013
Reliance Consumer Finance Private Limited	October 01, 2010	501,672.35	Original loan amount being ₹ 510,000.00 repayable with monthly instalments of ₹ 13,434.00 each over a period of 48 months. Interest: 12.01% Last date of repayment: September, 2014
Reliance Consumer Finance Private Limited	October 01, 2010	550,855.88	Original loan amount being ₹ 560,000.00 repayable with monthly instalments of ₹ 14,751.00 each over a period of 48 months. Interest: 12.01% Last date of repayment: September, 2014
Reliance Consumer Finance Private Limited	October 01, 2010	695,456.15	Original loan amount being ₹ 707,000.00 repayable with monthly instalments of ₹ 18,624.00 each over a period of 48 months. Interest: 12.02% Last date of repayment: September, 2014
Reliance Capital Limited	September 03, 2009	358,362.98	Original loan amount being ₹ 485,000.00 repayable with monthly instalments of ₹ 14,010.00 each over a period of 47 months. Interest: 17.02% Last date of repayment: August, 2013
Reliance Capital Limited	November 30, 2009	387,839.82	Original loan amount being ₹ 473,000.00 repayable with monthly instalments of ₹ 13,735.00 each over a period of 47 months. Interest: 16.52% Last date of repayment: November, 2013
Reliance Capital Limited	September 03, 2009	339,885.29	Original loan amount being ₹ 460,000.00 repayable with monthly instalments of ₹ 13,287.00 each over a period of 47 months. Interest: 17.02% Last date of repayment: August, 2013
Reliance Consumer Finance Limited	October 03, 2009	348,257.91	Original loan amount being ₹ 460,000.00 repayable with monthly instalments of ₹ 13,291.00 each over a period of 47 months. Interest: 17.04% Last date of repayment: September, 2013
Reliance Capital Limited	November 30, 2009	268,949.04	Original loan amount being ₹ 328,000.00 repayable with monthly instalments of ₹ 9,525.00 each over a period

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
			of 47 months. Interest: 16.52% Last date of repayment: November, 2013
Sundaram Finance Limited	May 05, 2008	39,873.00	Original loan amount being ₹ 400,000.00 repayable with monthly instalments of ₹ 13,585.00 each over a period of 36 months. Interest: 12.99% Last date of repayment: February, 2011

## B) Details of unsecured borrowings

### 1. Unsecured term loans

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
Kotak Mahindra Bank Limited	July 01, 2009	2,373,945.00	Original loan amount being ₹ 4,000,000.00 repayable with interest at 19% per annum and monthly instalments of ₹ 146,624.00 each over a period of 36 months. Last date of repayment: June, 2012
Kotak Mahindra Bank Limited	April 30, 2008	416,092.00	Original loan amount being ₹ 2,000,000.00 repayable with interest at 19.01% per annum and monthly instalments of ₹ 73,320.00 each over a period of 36 months. Last date of repayment: April, 2011
Reliance Capital Limited	December 05, 2007	109,663.24	Original loan amount being ₹ 3,000,000.00 repayable with interest at 20% and monthly instalments of ₹ 111,491.00 each over a period of 36 months. Last date of repayment: December, 2010
Bajaj Auto Finance Limited	October 31, 2008	1,107,640.00	Original loan amount being ₹ 2,999,700.00 repayable with interest at 20.26% and monthly instalments of ₹ 111,873.00 each over a period of 36 months. Last date of repayment: October, 2011
Standard Chartered	March 19, 2008	122,844.32	Original loan amount being ₹ 700,000.00 repayable with interest at 18% per annum and monthly instalments of ₹ 25,306.00 each over a period of 36 months. Last date of repayment: March, 2011
Tata Capital Limited	November 03, 2009	1,913,846.00	Original loan amount of ₹

Lender	Date(s) of financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
			2,500,000.00 repayable with interest at 19% per annum and monthly instalment of ₹ 91,641.00 each over a period of 36 months. Last date of repayment: November, 2012
Citibank N. A.	September 29, 2007	208,995.00	Original loan amount being ₹ 700,000.00 repayable with interest at 18% per annum and monthly instalments of ₹ 20,562.00 each over a period of 49 months. Last date of repayment: October, 2011

## 2. Other unsecured loans

Lender	Financing documents	Amount outstanding as on November 15, 2010 (₹)	Repayment Schedule and Interest
Citi Financial Consumer Finance India Limited	June 09, 2008	743,126.26	Original loan amount being ₹ 1,000,000.00 repayable with monthly instalments of ₹ 29,900.00 each over a period of 48 months. Interest: 19.00% Last date of repayment: May, 2012
ING Vysya	December 08, 2007	28,135.00	Original loan amount being ₹ 750,000.00 repayable with monthly instalments of ₹ 28,642.00 each over a period of 36 months. Last date of repayment: December, 2010

### Restrictive Covenants:

Our agreements with the lenders in relation to financial facilities sanctioned by them have certain restrictive covenants. A summary of certain significant restrictive covenants is as follows:

- The facilities sanctioned should be utilised for genuine working capital requirements only and there should be no diversion of short term funds for long term uses.
- No drawing power will be permitted against receivables in respect of associate/ sister concern.
- No drawings shall be permitted in the cash credit limit against stocks received from outside parties for job work.
- No drawings of DCC limits shall be permitted against:
  - stocks lying outside the factory;
  - stocks retained in third party premises;
  - stocks received from outside parties for job works.
- Our Company shall confine its entire foreign exchange business thorough the State Bank of India and branch thereof.
- The State Bank of India will have the right to convert the debt into equity at a time felt appropriate by them, at a mutually acceptable formula.
- Monies brought in by the Promoters/ Directors/ Principal Shareholders and their relatives and friends by way of deposits/ loans/ advances will not be allowed to be repaid by our Company without the State Bank of India's prior permission in writing. Further, the rate of interest, if any, payable on such deposits should be lower than the rate of interest charged by the banker on the term loan.

- Prior approval of the banks in writing is required in case our Company intends to undertake any of the following actions:
  - formulate any scheme of amalgamation or reconstruction.
  - undertake any new project / schemes or implement any schemes of expansion or acquire fixed assets unless such expenditure is covered by our Company's net cash accruals after providing for dividends, investments, etc.,.
  - invest by way share capital in or lend advance funds to or place deposits with any other concern.
  - enter in to borrowing arrangements either secured or unsecured with any other bank, financial institution, company or any other capital facility by other consortium member banks under consortium arrangement.
  - undertake guarantee obligations on behalf of itself.
  - create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons.
  - sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the banks.
  - enter in to any contractual obligation which is long term in nature or which will affect our Company to a significant extent.
  - change its practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees amongst other things.
  - undertake any trading activity other than the sale of products arising out of its own manufacturing operations.
  - permit any transfer of the controlling interest or make any drastic change in the management setup.
  - declare dividends for any year out of the profits of that year or the previous years. It is necessary for our Company to ensure first that provisions are made and that no repayment obligations remain unmet at the time of making the request for banks' approval for the declaration of dividend.
  - effect any change in our Company's capital structure
  - affect any material change, in the ownership/ constitution management of the business.
  - enter into arrangement/ agreement for sale, merger, consolidation, transfer of all or substantial portions of our Company's assets.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in the Draft Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page 12 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and other applicable legal provisions. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Fiscal ends on March 31, so all references to a particular Fiscal are to the twelve-month period ended March 31.*

*Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section titled "Definitions and Abbreviations" beginning on page 1 of the Draft Red Herring Prospectus*

### Overview

Our Company was incorporated in the year 2002 and is currently engaged *inter alia* in the business of manufacturing and marketing of digital and offset printing consumables in India. Our Promoter, Mr. Hitesh Jobalia, has nearly 25 years of experience in the printing consumables industry, having been a part of M/s. Max Traders, a partnership firm involved in business of printing consumables, since 1984, which was taken over by our Company. Over the years, we have developed in-house capabilities and built alliances for providing comprehensive solutions in digital printing consumables, offset printing consumables and related accessories.

We are a "one stop shop" for all kinds of printing consumables needs of the Indian printing industry. Our customer / product user base includes digital and offset printers, print service providers, billboard companies, publication houses, newspaper publishers, magazines, and advertising agencies.

We provide printing consumables, which includes:

- Printing surfaces (also widely known as 'Media' or 'Printing Media' i.e. a surface to print upon);
- Printing inks;
- Offset printing chemicals;
- Offset printing plates; and
- Accessories

The printing media encompasses all types of material including flex, mesh, boards, vinyls, laminates, graphic films, paper and photo paper. Printing inks supplied by our Company are solvent inks, eco solvent inks and dye and pigment inks. Furthermore, we manufacture chemicals used for offset printing and also supply plates to the offset printing industry. In the printing accessories space we provide cost effective ink dispensing systems, display stands and related products. We market our products primarily on a business-to-business ("B2B") platform and cater to a diverse customer base.

Our business can be broadly classified in three business divisions, based on the end use applications:

- (i) Digital Large Format Printing Consumables,
- (ii) Digital Desktop Printing Consumables, and
- (iii) Offset Printing Consumables.

### Consolidation

Our financial statements for the three months ended June 30, 2010 consolidate the financial results of our wholly owned subsidiary, Amprochem Private Limited. Subsequently, Max Apollo Flex Digital Limited was incorporated as wholly owned subsidiary on September 07, 2010. In prior fiscal periods, we did not have any subsidiaries, hence our financial statements for the Fiscals 2010, 2009, 2008, 2007 and 2006 are stand-alone financial statements. For details of our subsidiaries, see "History and other Corporate Matters".

Our historical financial statements as well as this discussion are of limited value to a prospective investor in evaluating our prospects or deciding whether to purchase our Equity Shares, because we are currently doing contract manufacturing of our products and proposing to set up manufacturing plants through our subsidiaries.

Our Draft Red Herring Prospectus must be considered in light of the risks highlighted under section “*Risk Factors*”.

### **Significant developments after three month period ended on June 30, 2010 that affect our future results of operations**

In the opinion of our Directors, no circumstances have arisen since the date of the last audited financial statements, which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay any liability within the next twelve months.

Since the last audited financial statements there have been certain significant developments as enumerated below:

- Company at its board meeting dated on August 5, 2010 passed a board resolution for allotment of further 50,000 equity shares of ₹ 10 each and equity share capital was increased from 80,99,834 equity shares of ₹ 10 each to 81,49,834 equity shares of ₹ 10 each.
- Company at its board meeting dated September 16, 2010 passed a resolution for declaring bonus in the ratio of 1:2 that is one equity share for every two equity shares held by the shareholder of the Company. As a result of which 40,74,917 bonus Equity Shares were allotted.
- Company at its board meeting dated November 12, 2010 passed a resolution for allotment of further equity share allotment of 3,02,000 shares Face Value of ₹ 10 each at a premium of ₹ 170 each.
- Company has incorporated its new wholly owned Subsidiary in the name of Max Apollo Flex Digital Limited having its incorporation date as September 7, 2010. Our Company entered into a Investment Agreement dated November 3, 2010 (“**Investment Agreement**”), with Shanghai Lanquan Plastic Products Company Limited (“**LQ**”), a company incorporated in the People’s Republic of China for the purpose of carrying on manufacturing of PVC Flex used in the mid market segment in India and other contracted territories to be decided between the parties. Under the Investment Agreement, LQ has agreed to acquire a 25% stake in the issued share capital of Max Apollo for a total cash consideration of ₹ 83.60 mn, while our Company shall hold the remaining 75% of the issued share capital of the Max Apollo. LQ has agreed to license its technical know-how to Max Apollo. Our Company intends to utilise ₹ 236.93 mn. from the Net Proceeds of the Issue towards investment in Max Apollo.

Our projects in our Max Apollo are expected to be fully commissioned in Fiscal 2012. We expect to derive our revenues primarily from the sale of the products manufactured subsequent to the commissioning of this project. The commissioning dates for these projects are estimates and are subject to delay as a result of, among other things, contractor performance shortfalls, unforeseen engineering problems, *force majeure* events, unanticipated cost increases and delays in obtaining property rights and government approvals, if any, any of which could also give rise to cost overruns or the termination of a project’s development. The failure to complete development as planned, or in accordance with agreed specifications, could result in higher costs, lower returns on capital or reduced future earnings.

### **Factors that may affect the results of operations**

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Implementation risks involved in our projects;
- Significant changes in the exchange rate;
- Increase in freight, interest rates, etc.;
- Increase in cost of power or other fuel;
- Competition from existing players;
- Working capital arrangements;
- Growth of unorganized printing consumables sector;
- General economic and business conditions;
- Changes in laws and regulations relating to the industry in which we operate;

- Disruption in supply of products/ raw materials;
- Changes in political and social conditions in India, the monetary and interest rate policies in India and/ or other countries, inflation, deflation, anticipated turbulence in interest rates, equity prices or other rates or prices;
- Imposition of any anti- dumping duties in the Industry in which we operate;
- Changes in prices of raw materials;
- Our ability to successfully implement our strategy, growth and expansion plans;
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Contingent liabilities, environmental problems and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Developments affecting the Indian economy;
- Ability to retain appropriate personnel;
- Uncertainty in global financial markets; and
- Occurrence of natural disasters or calamities affecting the areas in which our Company has its operations.

### **Significant Accounting Policies**

Our financial statements are prepared under the historical cost convention on accrual and going concern basis and in compliance with the accounting standards issued by the Institute of Chartered Accountants of India and in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.

Significant accounting policies that are relevant and specific to our business and operations have been described below:

#### **15. Method of Accounting**

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) and Accounting Standards referred to in section 211 (3C) and other provisions of the Companies Act, 1956

#### **16. Use of estimates**

The preparation of financial statement in conformity with the GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the results and estimates are recognized in the period in which the results are known / materialized.

#### **17. Revenue and Expenditure Recognition**

Income and Expenditure are recognized and accounted on accrual basis.

- (i) Revenue from sale of products is recognized when the risk and reward of ownership of the product is passed on to the customers, which is generally on dispatch of goods. Sales are stated inclusive of Sale/Trade tax
- (ii) Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

#### **18. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and other directly attributable cost of bringing the assets to its working condition for the intended use.

#### **19. Depreciation**

Depreciation on fixed assets is provided on straight-line method over useful life of assets at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.



## **20. Amortization of Intangible Assets**

Brand acquired under the scheme of amalgamation approved by the Honorable High Court is amortized over the period of ten years as per Accounting Standard 26.

Goodwill arising on Amalgamation amortized over the period of five years as per Accounting Standard 14.

## **21. Inventories**

Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at Cost or net realizable value, whichever is less.

## **22. Accounting for Taxes on Income and Deferred Tax**

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income tax Act, 1961.

Deferred tax resulting from timing differences between accounting and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. Where there is Unabsorbed Depreciation or carry forward loss under tax laws, Deferred Tax Asset are recognized only if there is virtual certainty of realization of Assets.

## **23. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or at the rates covered by the forward contracts. The exchange differences on conversion are adjusted to:

- a. Cost of Fixed Assets, if the foreign currency liability relates to the fixed assets.
- b. Profit and Loss, if the foreign currency liability relates to these items.
- c. Bank charges, if the foreign currency liability relates to conversion of bank's credit facility into foreign currency.

## **24. Accounting of Employee Benefits**

Our Company has for its employees in India, benefits such as Gratuity and Provident Fund. Provision for gratuity is made on the basis of actuarial valuation and charged to Profit and Loss account. Our Company's contribution to the provident fund along with the employee share of provident fund deducted from the salary is paid into Employee Provident Fund of Government of India. Our Company's contribution to EPF is charged to revenue.

## **25. Provisions and Contingent Liabilities**

Our Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent liabilities are determined on the basis of available information and are disclosed by way of a note to the accounts.

## **26. Impairment of Assets**

Our Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

## 27. Preliminary & Shares Issue Expenses

Preliminary expenses and share issue expenses are written off in the years in which incurred.

## 28. Investments

Investments are classified into Trade, Unquoted government Bonds and other current investments based on the management's intention at the time of purchase. These investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments, determined separately for each investment. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. The comparison of cost and fair value is done separately in respect of each category of investments.

## RESULTS OF OPERATIONS

The following table sets forth selected financial data from our standalone restated statements of profit and loss, the components of which are also expressed as a percentage of total income for the for the Fiscals 2006, 2007, 2008 and 2009 and 2010 and the three month period ended June 30, 2010.

Particulars	(₹ in mn)											
	For the period ended on				Fiscal				June			
	Fiscal	% of	Fiscal	% of	Fiscal	% of	Fiscal	% of	Fiscal	% of	June	% of
	2006	total	2007	total	2008	total	2009	total	2010	total	30,	total
		income		income		income		income		income	2010	income
<b>INCOME</b>												
<b>Sales</b>												
Of Products	119.72	71.99	240.64	67.39	898.58	87.14	1,637.5	74.30	2,759.7	88.72	874.56	91.69
Contract							2		5			
Manufactured												
By our ODMs												
Of Products	46.47	27.94	116.42	32.61	132.26	12.83	564.21	25.60	348.08	11.19	78.70	8.25
Traded By our												
Company												
<b>Total Sales</b>	<b>166.19</b>	<b>99.93</b>	<b>357.06</b>	<b>100.00</b>	<b>1,030.8</b>	<b>99.97</b>	<b>2,201.7</b>	<b>99.90</b>	<b>3,107.8</b>	<b>99.91</b>	<b>953.26</b>	<b>99.95</b>
					3		2		2			
Other Income	0.12	0.07	-	-	0.35	0.03	2.30	0.10	2.87	0.09	0.50	0.05
<b>Total Income</b>	<b>166.31</b>	<b>100.00</b>	<b>357.06</b>	<b>100.00</b>	<b>1,031.1</b>	<b>100.00</b>	<b>2,204.0</b>	<b>100.00</b>	<b>3,110.6</b>	<b>100.00</b>	<b>953.76</b>	<b>100.00</b>
					8		3		9			
<b>EXPENDITUR</b>												
<b>E</b>												
Cost of Goods	151.73	91.23	323.05	90.47	865.65	83.95	1,847.1	83.81	2,557.3	82.21	761.51	79.84
Sold							2		3			
Administrative	2.68	1.61	6.43	1.80	40.44	3.92	48.09	2.18	56.75	1.82	29.58	3.10
Expenses												
Staff Cost	6.27	3.77	10.28	2.88	31.03	3.01	46.27	2.10	69.64	2.24	19.18	2.01
Selling &	0.54	0.32	1.33	0.37	13.00	1.26	12.14	0.55	21.67	0.70	5.45	0.57
Distribution												
Expenses												
Finance and	3.30	1.98	9.33	2.61	39.99	3.88	110.53	5.01	113.41	3.65	36.54	3.83
Interest Charges												
<b>Total</b>	<b>164.53</b>	<b>98.93</b>	<b>350.43</b>	<b>98.14</b>	<b>990.11</b>	<b>96.02</b>	<b>2,064.1</b>	<b>93.65</b>	<b>2,818.8</b>	<b>90.62</b>	<b>852.26</b>	<b>89.36</b>
<b>Expenditure</b>							5		1			
<b>Profit before</b>	<b>1.78</b>	<b>1.07</b>	<b>6.63</b>	<b>1.86</b>	<b>41.08</b>	<b>3.98</b>	<b>139.88</b>	<b>6.35</b>	<b>291.88</b>	<b>9.38</b>	<b>101.50</b>	<b>10.64</b>
<b>Depreciation</b>												
<b>and Tax</b>												
Depreciation &	0.10	0.06	0.51	0.14	2.19	0.21	9.49	0.43	17.15	0.55	5.61	0.59
Amortization												
<b>Profit Before</b>	<b>1.68</b>	<b>1.01</b>	<b>6.12</b>	<b>1.71</b>	<b>38.89</b>	<b>3.77</b>	<b>130.38</b>	<b>5.92</b>	<b>274.74</b>	<b>8.83</b>	<b>95.88</b>	<b>10.05</b>
<b>Tax</b>												
<b>Provision For</b>												
<b>Taxation</b>												
Current Tax	0.60	0.36	2.52	0.71	17.02	1.65	41.85	1.90	88.50	2.85	30.13	3.16
Deferred Tax	0.21	0.13	0.04	0.01	(2.18)	(0.21)	3.53	0.16	7.60	0.24	0.89	0.09

Particulars	For the period ended on											
	Fiscal 2006	% of total income	Fiscal 2007	% of total income	Fiscal 2008	% of total income	Fiscal 2009	% of total income	Fiscal 2010	% of total income	June 30, 2010	% of total income
Restated Net Profit after Tax	0.87	0.52	3.56	0.99	24.05	2.33	85.01	3.86	178.64	5.74	64.86	6.80

## MAJOR ITEMS OF INCOME AND EXPENDITURE

### Income

Our total income comprises of income from products contract manufactured by our ODMs for our Company, income from products traded by our Company and other income.

(₹ in mn)

Particulars	For the period ended on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
<b>INCOME</b>						
<b>Sales</b>						
of Products Contract Manufactured by our ODMs	119.72	240.64	898.58	1,637.52	2,759.75	874.56
of Products Traded by our Company	46.47	116.42	132.26	564.21	348.07	78.70
<b>Total Sales</b>	<b>166.19</b>	<b>357.06</b>	<b>1,030.84</b>	<b>2,201.73</b>	<b>3,107.82</b>	<b>953.26</b>

The sale of products contract-manufactured by our company consists of products manufactured by our Company through our ODMs situated in China, South Korea and Hong Kong and sold in India under the brand “Maxxxx-Generation Next”. These products include consumables for digital printing such as PVC flex, extrusion sheet, films, mesh, boards, vinyls, laminates, graphic films, paper and photo paper, as well as consumables for offset printing such as Chemicals, CTP Plates, inks etc.

The sale of products traded by our Company includes the printing consumable products of internationally renowned brands, which are supplementary to the products contract manufactured by our ODMs for us and supplied to our customers through our wide-spread distribution channels.

### Other income

Our other income primarily comprises of discount received, commission received, interest on bank deposits and securities and other miscellaneous income etc.

(₹ in mn.)

Particulars	For the period ended on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
Discount Received	-	-	0.02	0.23	0.45	0.04
Commission Received	-	-	-	0.78	0.12	-
Interest Received	0.12	-	0.33	0.87	2.04	0.05
Sundry Income	-	-	0.00	0.42	0.26	0.41
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>0.35</b>	<b>2.30</b>	<b>2.87</b>	<b>0.50</b>

### Expenditure

Our total expenditure consists principally of expenditure on cost of goods sold, staff cost, administration expenses, selling and distribution expenses, finance and interest charges etc.

(₹ in mn.)

Particulars	For the period ended on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
Cost of Goods Sold	151.73	323.05	865.65	1,847.12	2,557.33	761.51
Administrative	2.68	6.43	40.44	48.09	56.75	29.58

Expenses						
Staff Cost	6.27	10.28	31.03	46.27	69.64	19.18
Selling & Distribution Expenses	0.55	1.34	13.00	12.14	21.68	5.45
Finance and Interest Charges	3.30	9.33	39.99	110.53	113.41	36.54
<b>Total Expenditure</b>	<b>164.53</b>	<b>350.43</b>	<b>990.11</b>	<b>2,064.15</b>	<b>2,818.81</b>	<b>852.26</b>

#### *Cost of goods sold*

The cost of goods sold includes cost of production incurred by our Company in getting the products contract manufactured and other related costs.

#### *Administrative Expenses*

It includes expenses such as rent, travelling expenses, foreign exchange gains / (losses), electricity expenses, printing and stationary expenses, legal and professional fees, audit fees, repairs and maintenance, office and general expenses, etc.

#### *Staff Cost*

It includes expenses such as directors remuneration, employee salaries, bonus, gratuity, workmen and staff welfare expenses allowances and welfare expenses.

#### *Selling and Distribution Expenses*

Selling and distribution expenses include commission paid, business and sales promotion expenses, expenses towards advertisement of products etc.

#### *Finance and Interest charges*

Interest and financial charges includes interest on term loans, working capital, vehicle loans, other bank borrowings, bank charges, etc.

#### *Depreciation and Amortisation*

Depreciation costs are the depreciation charges on our capital expenditure. Our capital expenditures include expenditure on buildings, vehicles, leasehold improvements, electrical installations, furniture and fixtures, office equipment, computer software etc. Amortisation costs include amortisation of brand acquired and goodwill arising under the Scheme of Amalgamation.

#### *Provision for Taxes*

Provision for taxes comprises current, deferred and fringe benefit tax. Deferred tax liability/asset arises mainly due to the differences among the written down value of assets calculated for the purpose of Income Tax and as per the books of accounts prepared under the Companies Act.

### **DISCUSSION ON RESULTS OF OPERATIONS**

#### **Analysis for the Restated Standalone Summary Statements for the three month period ended on June 30, 2010**

##### **Income**

Our total income for the three month period ended on June 30, 2010 was ₹ 953.76 millions, which was primarily derived from sale of products contract manufactured by ODMs.

#### *Products contract manufactured by our ODMs for our Company*

Income from products contract manufactured by our ODMs for our Company for the three month period ended on June 30, 2010 was ₹ 874.56 millions, which primarily consisted of sale of products such as PVC flex, extrusion sheet, films, mesh, boards, vinyes, laminates, graphic films, paper and photo paper, as well as consumables for offset printing such as Chemicals, CTP Plates.

#### *Products traded by our Company*

Income from products traded by our Company for the three month period ended on June 30, 2010 was ₹ 78.70 millions, which primarily consisted of sale of printing consumable products of internationally renowned brands, which are supplementary to the products contract manufactured.

#### *Other Income*

Our other income for the three month period ended on June 30, 2010 was ₹ 0.50 millions. This primarily comprised of sundry income, interest received and discount received.

### **Expenditure**

Our total expenditure for the three month period ended on June 30, 2010 was ₹ 852.26 millions. This primarily comprised of cost of goods sold, staff cost, administration expenses, selling and distribution expenses and finance and interest charges.

#### *Cost of Goods Sold*

Our cost of goods sold was ₹ 761.51 millions for the three month period ended on June 30, 2010. This primarily comprised of cost of material consumed.

#### *Administration expenses*

Our administration expenses were ₹ 29.58 millions for the three month period ended on June 30, 2010. This primarily comprised of foreign exchange loss, legal and professional fees, rent expenses for our warehouses and branch offices, office expenses and traveling expenses.

#### *Staff Cost*

Our Staff cost was ₹ 19.18 millions for the three month period ended on June 30, 2010. This primarily comprised of staff salary and director's remuneration.

#### *Selling and Distribution Expenses*

Our expenses for selling and distribution were ₹ 5.45 millions for the three month period ended on June 30, 2010. This primarily comprises of commission paid and expenses towards business and sales promotion.

#### *Finance and interest charges*

Our financial and interest charges were ₹ 36.54 millions for the three month period ended on June 30, 2010. This primarily consists of interest on working capital loans availed by us.

### **Profit Before Tax**

Our profit before tax and extra ordinary items was ₹ 95.88 millions for the three month period ended on June 30, 2010.

### **Provision for Taxation**

The provision for taxes was ₹ 31.02 millions for the three month period ended on June 30, 2010.

### **Net Profit After Taxes**

Our net profit after taxes and before extra ordinary items was ₹ 64.86 millions for the three month period ended on June 30, 2010.

## **Comparison of Fiscal 2010 vis-à-vis Fiscal 2009**

### **Income**

Our total income for the Fiscal year 2010 was ₹ 3,110.69 millions as compared to ₹ 2,204.03 millions in Fiscal 2009 representing an increase of 41.14%. The increase in total income was mainly attributable to growth in the digital printing consumables & offset printing consumables.

#### *Products contract manufactured by our ODMs for our Company*

Our income from products contract manufactured in Fiscal 2010 was ₹ 2,759.75 millions which represented an increase of 68.53% over ₹ 1,637.52 millions in Fiscal 2009. This is primarily attributed to the increase in the client base which was a result of our Company's aggressive marketing efforts and full year operations of our branches, opened in Fiscal 2009.

#### *Products traded by our Company*

Our income from products traded decreased by 38.31% in Fiscal 2010 from ₹ 564.21 millions in Fiscal 2009 to ₹ 348.08 millions in Fiscal 2010. This was primarily due to increased focus on sale of products being contract manufactured and sold under our Company's brand.

#### *Other Income*

In Fiscal 2010 our other income was ₹ 2.87 millions showing an increase of 24.78% as compared to ₹ 2.30 millions in Fiscal 2009. This was principally due to increase in interest received on cash deposited with banks.

### **Expenditure**

Our total expenditure in Fiscal 2010 was ₹ 2,818.81 millions as compared to ₹ 2,064.15 millions in Fiscal 2009. However, as a percentage of total income, our total expenditure decreased to 90.62% in Fiscal 2010 from 93.65 % in Fiscal 2009. This can be attributable to increase in the quantum of our business thereby providing economies of scale. Also, an increase in the staff cost, administrative expenses, selling and distribution expenses and financial and interest charges had a significant hand to play in the overall increase in the expenditure.

#### *Cost of Goods Sold*

Our cost of goods sold increased by 38.45% to ₹ 2,557.33 millions in Fiscal 2010 from ₹ 1,847.12 millions in Fiscal 2009. The increase in cost of goods sold can be attributable to the increased sales. However, the cost of goods sold decline to 82.21% of our total income in Fiscal 2010 as against 83.81% in Fiscal 2009.

#### *Administrative Expenses*

Our administrative expenses increased by 18.01% to ₹ 56.75 millions in Fiscal 2010 from ₹ 48.09 millions in Fiscal 2009. This was mainly on account of foreign exchange gain on account of currency fluctuation and increase in rent, legal and professional fees and postage and courier charges, which were partially offset by decrease in travelling expenses. Administrative expenses represented 1.82% of our total income in Fiscal 2010 as compared to 2.18 % in Fiscal 2009.

#### *Staff Cost*

Our staff cost increased by 50.51% to 69.64 millions for the Fiscal 2010 from 46.27 millions for the Fiscal 2009, primarily due to the an increase in qualified personnel in keeping with increase in sale of our products, annual increment in the salaries of then existing personnel and increase in director's remuneration. As a percentage of our total income, our staff cost increased marginally to 2.24% for the Fiscal Year 2010 from 2.10 % for the Fiscal Year 2009.

#### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by 78.50% to ₹ 21.67 millions in Fiscal 2010 from ₹ 12.14 millions in Fiscal 2009. This was mainly on account of increase in commission paid and business and sales promotion expenses. Selling and distribution expenses represented 0.70 % of our total income in Fiscal 2010 as compared to 0.55 % in Fiscal 2009.

#### *Finance and Interest Charges*

Financial and Interest charges represented 3.65 % of our total income in Fiscal 2010 as against 5.01 % in Fiscal 2009 and have increased by 2.61% in Fiscal 2010 vis-à-vis in Fiscal 2009, primarily attributable to an increase in working capital borrowings and vehicle loans to cater to increased sales of our products and supplement our distribution network.

#### *Depreciation and Amortisation*

Depreciation and amortisation increased by 80.72% in Fiscal 2010 vis-à-vis Fiscal 2009. The increase was primarily due to an increase in gross block to ₹ 321.75 millions as of March 31, 2010 from ₹ 167.77 millions as of March 31, 2009. The increase in gross block resulted from acquisition of additional office premises, furniture and fixtures as well as the vehicles to expand the distribution fleet.

#### **Profit Before Tax**

Due to factors discussed above our profit before tax increased by 110.72% to ₹ 274.74 mn. in Fiscal 2010 from ₹ 130.38 mn. in Fiscal 2009. Our profit before tax as a percentage of total income increased to 8.83% in for the Fiscal 2010 from 5.92 % in for the Fiscal 2009.

#### **Provision for Taxation**

The Provision for taxation for Fiscal 2010 was ₹ 96.10 millions showing an increase of 111.77% as compared to Fiscal 2009. The above increase was due to increase in current tax and deferred tax resulting from increased profits of our Company.

#### **Net Profit After Taxes**

Net profit after taxes increased by 110.13% to ₹ 178.64 millions in Fiscal 2010 from ₹ 85.01 millions in Fiscal 2009. The increase was mainly attributable to an analogous increase in the sales of products contract manufactured by our ODMs for our Company. Our net profit after tax as a percentage of total income increased to 5.74 % in for the Fiscal 2010 from 3.86 % in for the Fiscal 2009.

#### **Comparison of Fiscal 2009 vis-à-vis Fiscal 2008**

##### **Income**

Our total income for the Fiscal year 2009 was ₹ 2,204.03 millions as compared to ₹ 1,031.18 millions in Fiscal 2008 representing an increase of 113.74%. The same was as a result of increase in sale of both products contract manufactured and traded products.

##### *Products contract manufactured by our ODMs for our Company*

Our income from products contract manufactured by our ODMs for our Company in Fiscal 2009 was ₹ 1,637.52 millions which represented an increase of 82.23% over ₹ 898.58 millions in Fiscal 2008. This can be attributed to exponential growth in revenue from offset printing consumables which grew by more than 189.89% during this period. It also increased to 21.71% of the total income in Fiscal 2009 as compared to 16.00% during fiscal 2008. Further, the growth in the income from digital printing consumables by 48.81% also accounted for the increase in total income.

##### *Products traded by our Company*

Our income from products traded increased by 326.59% to ₹ 564.21 millions in Fiscal 2009 from ₹ 132.26 millions in Fiscal 2008.



### *Other Income*

In Fiscal 2009 our other income was ₹ 2.30 millions showing an increase of 557.14% from ₹ 0.35 millions in Fiscal 2008, primarily on account of increase in interest, commission and discount received.

### **Expenditure**

Our total expenditure in Fiscal 2009 was ₹ 2,064.15 millions as compared to ₹ 990.11 millions in Fiscal 2008. This primarily comprises of consumption of cost of goods sold, staff cost, administration expenses and selling & distribution expense. However, as a percentage of total income, our total expenditure decreased to 93.65% in Fiscal 2009 from 96.02% in Fiscal 2008. This can be attributable to increase in the total sales of our products and quantum of our business thereby providing economies of scale. Also, an increase in the staff cost, administrative expenses and financial and interest charges had a play in the overall increase in the expenditure.

### *Cost of goods sold*

Our cost of goods sold increased by 113.38% to ₹ 1,847.12 millions in Fiscal 2009 from ₹ 865.65 millions in Fiscal 2008. This was mainly on account due to the increased revenue. However, cost of goods sold decreased to 83.81% of our total income in Fiscal 2009 as against 83.95% in Fiscal 2008

### *Administrative Expenses*

Our administrative expenses increased by 18.92% to ₹ 48.09 millions in Fiscal 2010 from ₹ 40.44 millions in Fiscal 2009. This was mainly on account of increase in rent, motor car expenses, legal and professional fees and donations, which were partially offset by decrease in repair and maintenance. Administrative expenses represented 2.18% of our total income in Fiscal 2010 as compared to 3.92% in Fiscal 2009.

### *Staff Cost*

Our staff cost increased by 49.11% to ₹ 46.27 millions for the Fiscal 2009 from ₹ 31.03 millions for the Fiscal 2008, primarily due to the increase in personnel in keeping with increase in sale of our products and annual increment in the salaries of then existing personnel, which was partially offset by decrease in director's remuneration. As a percentage of our total income, our staff cost increased marginally to 2.10% for the Fiscal Year 2009 from 3.01% for the Fiscal Year 2008.

### *Selling and Distribution Expenses*

Our selling and distribution expenses decreased by 6.62% to ₹ 12.14 millions in Fiscal 2009 from ₹ 13.00 millions in Fiscal 2008. This was mainly on account of decrease in business and sales promotion expenses and carriage inwards & outwards expenses, which were partially offset by increase in advertisement expenses. Selling and distribution expenses represented 0.55% of our total income in Fiscal 2009 as compared to 1.26% in Fiscal 2008.

### *Finance and Interest Charges*

Finance and interest charges represented 5.01% of our total income in Fiscal 2009 as against 3.88% in Fiscal 2008 and have increased by 176.39% in Fiscal 2009 vis-à-vis in Fiscal 2008, primarily attributable to an increase in working capital borrowings and vehicle loans to cater to increased sales of our products and supplement our distribution network.

### *Depreciation and Amortisation*

Depreciation and amortisation increased by 333.33% in Fiscal 2009 vis-à-vis Fiscal 2008. The increase was primarily due to an increase in gross block to ₹ 167.77 millions as of March 31, 2009 from ₹ 97.61 millions as of March 31, 2008. The increase in fixed assets was primarily accounted by the addition to office premises, immovable property, furniture & fixtures and vehicles.

### **Profit Before Tax**



Due to factors discussed above our profit before tax increased by 235.25% to ₹ 130.38 millions in Fiscal 2009 from ₹ 38.89 mn. in Fiscal 2008. Our profit before tax as a percentage of total income increased to 5.92% in for the Fiscal 2009 from 3.77% in for the Fiscal 2008.

### Provision for Taxation

The Provision for taxation for Fiscal 2009 was ₹ 45.38 millions showing an increase of 205.80% as compared to ₹ 14.84 millions in Fiscal 2008. The above increase was due to increase in current tax on account of increase profit before tax.

### Net Profit After Taxes

Net profit after taxes increased by 253.47% to ₹ 85.01 millions in Fiscal 2009 from ₹ 24.05 millions in Fiscal 2008. The increase was mainly attributable to an analogous increase in the sales of products contract manufactured by our ODMs for our Company. Our net profit after tax as a percentage of total income increased to 3.86% in for the Fiscal 2009 from 2.33% in for the Fiscal 2008.

### Comparison of Fiscal 2008 vis-à-vis Fiscal 2007

In accordance with the terms of the Scheme of Amalgamation (“Scheme”) of Max Convertors Private Limited, Sterling Media Private Limited and Max Film Convertors (India) Private Limited (“Transferors”) with our Company (“Transferee”) as sanctioned by the High Court of Judicature at Bombay on March 28, 2008, the undertakings and liabilities of the Transferors stood transferred to the Transferee company as a going concern so as to become the estate, rights, titles and interests of the Transferee company pursuant to Section 394 of the Companies Act and such other provisions thereof as may be applicable with effect from April 02, 2007.

The acquisition of these Companies have resulted in consolidation of the financials of our Company. To the extent of this consolidation, the financials of Fiscal 2008 are not comparable to Fiscal 2007.

### LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements relate to servicing our debt, funding our working capital requirements and funding towards purchase of capital expenditure. We operate in a capital-intensive industry and have historically financed capital expenditures through short-term and long term borrowings, working capital financing, equity and cash flow from operating activities. We currently hold our cash and cash equivalents in Indian Rupees.

Our business requires a significant amount of working capital. We believe that we will have sufficient capital resources from our operations, net proceeds of this Issue and other loans and borrowings to meet our capital requirements for at least the next 12 months.

As on June 30, 2010, we had cash and cash equivalents of ₹ 14.57 mn, secured loan of ₹ 1,102.51 mn. To date we have funded our growth principally from proceeds from equity and bank borrowings. Our principal uses of cash have been, and are expected to continue to be debt servicing, capital expenditure towards purchase of our equipment and funding of our working capital requirements.

### CASH FLOWS

The table below summarizes our cash flow for the periods indicated:

Particulars	(₹ in mn)					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	For three month period ended June 30, 2010
Opening cash and cash equivalents	0.26	0.27	1.27	8.93	16.40	27.61
Net cash from/ (used in) operating activities (A)	(36.06)	(60.66)	(303.87)	(138.61)	(66.22)	77.20
Net cash from/ (used in) investing activities (B)	(9.56)	(5.62)	(34.77)	(155.63)	(72.66)	(11.59)
Net cash from/ (used in) financing activities (C)	45.63	67.28	346.30	301.71	150.08	(78.65)

Particulars	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	For three month period ended June 30, 2010
Net increase (decrease) in cash and cash equivalents (A+B+C)	0.01	1.00	7.66	7.47	11.21	(13.05)
Closing cash and cash equivalents	0.27	1.27	8.93	16.40	27.61	14.57

#### Net cash from/ (used in) operating activities

During the three month period ended June 30, 2010, net cash generated from operating activities was ₹ 77.20 mn. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 140.84 mn, increase in inventory of ₹ 29.51 mn, decrease in loans & advances of ₹ 49.34 mn. and increase in trade payables and other current liabilities of ₹ 67.32 mn.

In Fiscal 2010, our net cash used in operating activities was ₹ 66.22 mn. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 418.67 mn, increase in inventory of ₹ 165.92 mn, increase in loans & advances of ₹ 129.99 mn. and increase in trade payables and other current liabilities of ₹ 324.90 millions.

In Fiscal 2009, our net cash used in operating activities was ₹ 138.61 millions. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 155.73 mn, increase in inventory of ₹ 150.77 mn., increase in loans & advances of ₹ 66.33 mn. and decrease in trade payables and other current liabilities of ₹ 7.24 mn.

In Fiscal 2008, our net cash used in operating activities was ₹ 303.87 mn. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 301.19 mn, increase in inventory of ₹ 166.24 mn, increase in loans & advances of ₹ 40.78 mn. and increase in trade payables and other current liabilities of ₹ 119.63 millions.

In Fiscal 2007, our net cash used in operating activities was ₹ 60.66 mn. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 66.90 mn., increase in inventory of ₹ 10.03 mn., increase in loans & advances of ₹ 6.54 mn. and increase in trade payables and other current liabilities in ₹ 6.04 millions.

In Fiscal 2006, our net cash used in operating activities was ₹ 36.06 mn. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of ₹ 64.90 mn., increase in inventory of ₹ 15.59 mn., increase in loans & advances of ₹ 5.64 mn. and increase in trade payables and other current liabilities of ₹ 45.29 millions.

#### Net cash from/ (used in) investing activities

During the three month period ended on June 30, 2010, our net cash used in investing activities was ₹ 11.59 mn. This mainly reflected expenditure towards purchase of fixed assets of ₹ 10.00 mn., fresh investment of ₹ 1.64 mn. and income received from interest of ₹ 0.05 mn., respectively.

In Fiscal 2010, our net cash used in investing activities was ₹ 72.66 mn. This mainly reflected expenditure towards purchase of fixed assets of ₹ 71.57 mn., fresh investment of ₹ 7.50 mn. and income received from disposal of fixed assets of ₹ 2.57 mn., sale of investments of ₹ 2.40 mn. and interest of ₹ 1.44 millions.

In Fiscal 2009, our net cash used in investing activities was ₹ 155.63 mn. This mainly reflected expenditure towards purchase of fixed assets of ₹ 70.17 mn., capital work in progress of ₹ 84.98 mn., fresh investment of ₹ 1.35 mn. and income received from interest of ₹ 0.87 millions.

In Fiscal 2008, our net cash used in investing activities was ₹ 34.77 mn. This mainly reflected expenditure towards purchase of fixed assets of ₹ 34.50 mn., fresh investment of ₹ 0.60 mn. and income received from interest of ₹ 0.33 millions.

In Fiscal 2007, our net cash used in investing activities was ₹ 5.62 mn. This reflected expenditure towards purchase of fixed assets of ₹ 5.62 mn.

In Fiscal 2006, our net cash used in investing activities was ₹ 9.56 mn. This mainly reflected expenditure towards purchase of fixed assets of ₹ 9.62 mn. and capital work in progress of ₹ 0.07 mn. and income received from interest of ₹ 0.12 millions.

### Net cash from/ (used in) financing activities

During the three month period ended June 30, 2010, our net cash used in financing activities was ₹ 78.65 mn. which is mainly attributable to repayment of loans of ₹ 42.11 mn. and finance and interest charges of ₹ 36.54 mn.

In Fiscal 2010, our net cash generated from financing activities was ₹ 150.08 mn. which is mainly attributable to proceeds received from issuance of shares of ₹ 21.97 millions, net borrowings of ₹ 241.52 mn. and interest payments of ₹ 113.41 mn.

In Fiscal 2009, our net cash generated from financing activities was ₹ 301.71 mn. which is mainly attributable to proceeds received from issuance of shares of ₹ 2.02 millions, net borrowings of ₹ 410.22 mn. and interest payments of ₹ 110.53 mn.

In Fiscal 2008, our net cash generated from financing activities was ₹ 346.30 mn. which is mainly attributable to proceeds received from issuance of shares of ₹ 26.98 millions, increase in borrowings of ₹ 359.31 mn. and interest payments of ₹ 39.99 mn.

In Fiscal 2007, our net cash generated from financing activities was ₹ 67.28 mn. which is mainly attributable to proceeds received from issuance of shares of ₹ 5.99 millions, net borrowings of ₹ 70.63 mn. and interest payments of ₹ 9.33 mn.

In Fiscal 2006, our net cash generated from financing activities was ₹ 45.63 mn. which is mainly attributable to proceeds received from issuance of shares of ₹ 3.50 millions, increase in borrowings of ₹ 45.43 mn. and interest payments of ₹ 3.30 mn.

### Certain Balance Sheet items

The below is the table showing selected items of our Balance Sheet as on dates indicated:

(₹ in mn.)

Particulars	As on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
Fixed Assets (net)	10.62	15.73	93.13	238.78	291.46	295.85
Investments	-	-	0.60	1.95	7.65	9.30
Current Assets, Loans & Advances	109.76	194.42	710.80	1,101.01	1,851.49	1,979.44
Liabilities & Provisions	115.41	195.64	678.06	1,127.10	1,736.27	1,805.39
NET WORTH	4.97	14.51	127.47	214.64	414.33	479.20

### Fixed Assets

Our fixed assets primarily consist of land, buildings, office equipments, furnitures and fixtures. As on June 30, 2010 our net fixed assets were of ₹ 295.85 mn.

### Investments

Our investments are primarily in the equity share capital of our subsidiary and other body corporate and mutual funds schemes. As on June 30, 2010 our investments were of ₹ 9.30 mn.

### Current Assets, Loans and advances

Our current assets, loans and advances as on June 30, 2010 were ₹ 1,979.44 mn. This primarily constitutes inventory, sundry debtors, cash and bank balances, other current assets, loans and advances.

## Liabilities and Provisions

Our liabilities and provisions as on June 30, 2010 were ₹ 1,805.39 mn. This primarily constitutes sundry creditors, Advances received from customers, Provision for Income Tax and other statutory provisions.

## Net worth

Our net worth as on June 30, 2010 was of ₹ 479.20 mn. represented our equity capital of ₹ 81.00 mn. and our reserves and surplus of ₹ 398.20 mn.

## Indebtedness

As of June 30, 2010, we had total borrowings of ₹ 1,115.30 mn. The following table shows our borrowings as of the dates indicated:

Particulars	As on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
Secured Loans	53.53	121.39	479.69	824.81	1,110.45	1,102.51
Unsecured Loans	6.18	8.95	9.95	75.05	30.93	12.79
<b>Total</b>	<b>59.71</b>	<b>130.34</b>	<b>489.64</b>	<b>899.86</b>	<b>1,141.38</b>	<b>1,115.30</b>

## Contingent Liabilities

The following table provides our contingent liabilities as of Fiscals 2006, 2007, 2008, 2009 and 2010 and three months period ended June 30, 2010

Particulars	As on					
	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	June 30, 2010
Commissioner Appellate Proceedings in respect of A. Y. 2006-07	Nil	Nil	Nil	2.33	2.33	2.33
Tribunal Appellate Proceedings in respect of A. Y. 2003-04	Nil	Nil	Nil	1.37	1.37	1.37
Commissioner Appellate Proceedings in respect of A. Y. 2003-04	1.37	1.37	1.37	Nil	Nil	Nil

## Off balance sheet arrangements

We do not have any material off balance sheet arrangements.

## ANALYSIS FOR THE RESTATED CONSOLIDATED SUMMARY STATEMENTS FOR THE THREE MONTH PERIOD ENDED ON JUNE 30, 2010

The Consolidated Financials Statements relates to Max Flex and Imaging Systems Limited and its wholly owned subsidiary, Amprochem Private Limited. The Consolidated Financial Statements have been prepared on the following basis.

- The financial statements of our Company and its Subsidiary are combined on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra- group transactions resulting in unrealized profits or losses being eliminated in accordance with Accounting Standard (AS) 21-“Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- Investments in Subsidiary are eliminated and differences between costs of investment over the net assets on the date of investment, or on the date of the financial statements immediately preceding the date of investment, in Subsidiary is recognized as goodwill or capital reserve, as the case may be.

- c. Minority Interest's share of net profit or loss of consolidated Subsidiary for the period is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of our Company.
- d. Minority Interest's share for net assets of consolidated Subsidiary is identified and presented in the consolidated balance sheet as separate items from liabilities and share holders' equity
- e. As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as our Company's standalone financial statements.

## **Income**

Our total income for the three month period ended on June 30, 2010 was ₹ 968.10 millions, which was mainly derived from sale of products contract manufactured by our ODMs for our Company.

### *Products contract manufactured by our ODMs for our Company*

Sales from products contract manufactured by our ODMs for our Company for the three month period ended on June 30, 2010 was ₹ 882.42 millions.

### *Products traded by our Company*

Sales from products traded by our Company for the three month period ended on June 30, 2010 was ₹ 85.17 millions.

### *Other Income*

Our other income for the three month period ended on June 30, 2010 was ₹ 0.50 millions. This primarily comprised of sundry income, interest received and discount received.

## **Expenditure**

Our total expenditure for the three month period ended on June 30, 2010 was ₹ 865.25 millions. This primarily comprised of cost of goods sold, staff cost, administration expenses, selling and distribution expenses and finance and interest charges.

### *Cost of Goods Sold*

Our cost of goods sold was ₹ 770.07 millions for the three month period ended on June 30, 2010. This primarily comprised of cost of material consumed.

### *Administration expenses*

Our administration expenses were ₹ 30.52 millions for the three month period ended on June 30, 2010. This primarily comprised of foreign exchange loss, legal and professional fees, rent expenses for our warehouses and branch offices, office expenses and traveling expenses.

### *Staff Cost*

Our Staff cost was ₹ 21.22 millions for the three month period ended on June 30, 2010. This primarily comprised of staff salary and director's remuneration.

### *Selling and Distribution Expenses*

Our expenses for selling and distribution were ₹ 5.93 millions for the three month period ended on June 30, 2010. This primarily comprises of commission paid and expenses towards business and sales promotion.

### *Finance and interest charges*

Our financial and interest charges were ₹ 37.54 millions for the three month period ended on June 30, 2010. This primarily consists of interest on working capital loans availed by us.

### **Profit Before Tax**

Our profit before tax and extra ordinary items was ₹ 96.93 millions for the three month period ended on June 30, 2010.

### **Provision for Taxation**

The provision for taxes was ₹ 31.37 millions for the three month period ended on June 30, 2010.

### **Net Profit After Taxes**

Our net profit after taxes and before extra ordinary items was ₹ 65.56 millions for the three month period ended on June 30, 2010.

## **OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION**

### **(i) Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of our Company.

### **(ii) Significant economic changes/ regulatory changes**

The Department of Revenue, Ministry of Finance, Government of India vide notification no. 79/2010-Customs has imposed a provisional anti dumping duty on PVC Flex Film which includes PVC flex banners, PVC flex sheets for advertising signage, billboards, PVC films and tarpaulins, PVC flex sheets in Rolls (flex banner frontlit / backlit), but does not includes PVC rigid films and cotton / canvas tarpaulins originating in, or exported from, People's Republic of China. For further details regarding anti dumping regulations please see the section titled "*Key Industry Regulations and Policies*" beginning on page 151 of the Draft Red Herring Prospectus.

### **(iii) Known trends or uncertainties**

Except as described in the section titled "*Risk Factors*" beginning on page 12 of the Draft Red Herring Prospectus and the section titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on page 258 of the Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

### **(iv) Future Changes in relationship between cost and revenues**

Other than as described in the section titled "*Risk Factors*" and "*Management's Discussion & Analysis of Financial Conditions and Results of Operations*" beginning on pages 12 and 258 of the Draft Red Herring Prospectus to our knowledge there are no future relationship between cost and income that have or had or are expected to have a material adverse impact on our operation and finances.

### **(v) Reason for material increase in net sales**

Increase in sales is result of increase in volume of products contract manufactured by our ODMs for our Company and increase in our product offerings.

### **(vi) New products or business segment**

Our Company has started offering Digital Desktop products during Fiscal 2009. This accounts for approximately 5% of our revenues in Fiscal 2010. Other than those, we have not entered into any other unrelated business segment.

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(vii) Seasonality of business

Our business is not seasonal, though demand of our products is higher in the festive season as outdoor advertising spend increases during this period.

(viii) Dependence on a few clients

We supply our products to more than 4000 clients across the country. The top ten clients contributed approximately 7.52% of our total income during the Fiscal 2010, respectively.

(ix) Competitive conditions

For details on competition, please refer to the section titled "*Our Business*" beginning on page 111 of the Draft Red Herring Prospectus.

## SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

### OUTSTANDING LITIGATIONS, MATERIAL DEFAULTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations suits, civil or criminal prosecuting or proceedings against our Company, our Directors, our Promoters and our Group Entities before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been imposed and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and the Group Entities, except the following:

This chapter has been divided into nine (9) parts:

- I. Contingent Liability
- II. Litigation involving our Company
- III. Litigation involving our Subsidiaries
- IV. Litigation involving our Directors and Promoters
- V. Litigation involving Group Entities
- VI. Potential litigation
- VII. Litigations filed by/ against other entities, which have material implications to our business
- VIII. Penalties imposed in past cases for the last five (5) years
  - i. Our Company
  - ii. Our Directors and Promoters
  - iii. Group Entities
- IX. Amounts owed to small scale undertakings

#### I. CONTINGENT LIABILITY

				(₹ in mn.)
Particulars	As at June 30, 2010 (consolidated)	As at June 30, 2010 (standalone)	Fiscal 2010 (standalone)	
Commissioner Appellate Proceedings in respect of A. Y. 2006-07	2.33	2.33	2.33	
Tribunal Appellate Proceedings in respect of A. Y. 2003-04	1.37	1.37	1.37	

A brief summary of litigations and potential litigations in which our Company is involved is as under:

Entity involved in the litigation	Civil cases	Criminal cases	Tax cases	Financial implications (₹ in mn)*	Potential Litigations	Financial implication (₹ in mn)*
<b>Our Company</b>						
Litigations by our Company	Nil	Nil	01	2.33	01	0.53
Litigations against our Company	Nil	Nil	01	1.37	Nil	Nil
Total number of cases	Nil	Nil	02	3.70	01	0.53
<b>Promoters and/ or Directors</b>						
Litigations by Promoters and/ or Directors	Nil	Nil	Nil	Nil	Nil	Nil
Litigations against Promoters and/ or Directors	Nil	Nil	Nil	Nil	Nil	Nil



Total number of cases	Nil	Nil	Nil	Nil	Nil	Nil
<b>Our Subsidiaries and other Group Entities</b>						
Litigations by our Subsidiaries and other Group Entities	Nil	Nil	Nil	Nil	Nil	Nil
Litigations against our Subsidiaries and other Group Entities	Nil	Nil	Nil	Nil	06	0.62
Total number of cases	Nil	Nil	Nil	Nil	06	0.62
<b>Litigations Filed By/ Against Other Entities, Which Have Material Implications To Our Business</b>						
Litigations filed against other entities, which have material implications to our business	Nil	Nil	Nil	Nil	Nil	Nil

*\*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties/interests/costs are at the discretion of the court/tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is/are pending.*

## II. LITIGATION INVOLVING OUR COMPANY

### *Against our Company*

#### *Criminal Litigation*

Nil

#### *Tax Litigation*

##### **1. Assessment Year 2003 – 2004**

The Income Tax Officer, 7(2) – 3, Mumbai (“**Appellant**”) has filed income tax appeal bearing number 5634/m/ 08 dated September 05, 2008 (“**Appeal**”) against our Company (“**Respondent**”) before the Income Tax Appellate Tribunal (“**Appellate Authority**”) under the provisions of the I. T. Act. The Appeal has been filed by the Appellant challenging the order of the Commissioner of Income Tax (Appeals) – VII, Mumbai dated July 08, 2008 (“**Impugned Order**”).

In the first instance, the Income Tax Officer (O. S. D.), 15(1), Mumbai had, *vide* assessment order dated February 28, 2006, assessed the income of the Respondent for the assessment year 2003 – 2004 as being ₹ 29,18,140.00 on the following grounds:

- (i) The Respondent assessee’s stock statements have discrepancies in the audited stock details and the unaudited stock statements submitted by the Respondent to its lender banks. Accordingly the book results of the Respondent in this regard are liable to be rejected;
- (ii) The book results of the Respondent are also to be rejected on the grounds that the Respondent’s book results contain unsubstantiated cash purchases of stock;
- (iii) Certain expenses claimed by Respondent aggregating to ₹ 19,644.00 were disallowed as they were deemed unverifiable.

Accordingly the income of the Respondent was assessed as being ₹ 29,18,140.00 and the Respondent was held liable to pay tax thereon.

Respondent appealed against the assessment order dated February 28, 2006 before the Commissioner of Income Tax (Appeals) – VII, Mumbai. The Commissioner of Income Tax (Appeals) – VII, Mumbai allowed the appeal of the Respondent and, vide Impugned Order, assessed the income of the Respondent at ₹ 64,530.00.

The Appeal has been filed challenging the Impugned Order on the grounds *inter alia* that:

- (i) The Commissioner of Income Tax (Appeals) – VII, Mumbai had erred in holding that the Assessing Officer's approach in calculating the income of the Respondent was incorrect;
- (ii) The Commissioner of Income Tax (Appeals) – VII, Mumbai had erred in holding that the disallowance on account of interest free advances by taking on record additional evidence in the form of ledger accounts had violated the provisions of Rule 46A of the rules formulated under the IT Act.

The Appellant accordingly prays that the Impugned Order be set aside and that the order of the Assessing Officer be restored. The amount involved in the Appeal is ₹ 1,370,539.00. The Appeal is pending before the Income Tax Appellate Tribunal.

### ***By Our Company***

#### ***Civil Litigation***

Nil

#### ***Criminal Litigation***

Nil

#### ***Tax Litigation***

### **1. Assessment year 2006- 2007**

Our Company (“**Appellant**”) has filed income tax appeal bearing number 250 dated January 01, 2009 (“**Appeal**”) against the Income Tax Officer Ward – 7(2)(2) (“**Respondent**”) before the Commissioner of Income Tax (Appeals) under the I. T. Act and rule 45 of the rules formulated thereunder. The appeal is filed by the Appellant challenging the assessment order passed by the Respondent dated December 31, 2008 (“**Impugned Order**”).

In Appellant has filed income tax returns in respect of the assessment year 2006 – 2007, declaring total income of ₹ 1,319,620.00. Upon scrutiny of the tax returns of the Appellant by the Respondent under Section 143 of the I. T. Act, the total income of the Appellant was assessed as being ₹ 6,333,650.00 on the following grounds:

- (i) The Appellant has not declared interest income of ₹ 50,629.00 and the said amount is added to the income of the Appellant;
- (ii) The Appellant has debited salary expenses aggregating to ₹ 3,986,195.00 without deducting professional tax, provident fund contributions, etc. Therefore, ad- hoc disallowance of 50% of the expense of such expense, being ₹ 1,754,169.00 is added to the income of the Appellant;
- (iii) Depreciation of ₹ 52,750.00 is disallowed and added to the total income of the Appellant; and
- (iv) Amounts aggregating to ₹ 1,836,859.00 claimed by Appellant as being transportation charges is added back to the income of the Appellant.

The Appeal has been filed challenging the Impugned Order on the following grounds:

- (i) In respect of amounts claimed by the Appellant as transportation expenses, the Appellant produced vouchers and bills which were not viewed by the assessing officer;
- (ii) In respect of amounts debited as salary expenses from the profit and loss account of the Appellant, the Appellant produced muster registers. However, the assessing officer made an ad- hoc disallowance of part of the amount debited, without giving the Appellant the opportunity of being heard.

Appellant accordingly prays *inter alia* that the Impugned Order be set aside to the extent of the addition of ₹ 1,754,169.00 made on account of disallowance of salary expenses and ₹ 1,836,859.00 made on account of disallowance of transportation charges, to the income of the Appellant. The amount involved in this Appeal is ₹ 2,329,900.00. The Appeal is pending before the Commissioner of Income Tax (Appeals).

### III. LITIGATION INVOLVING OUR SUBSIDIARIES

#### *Against our Subsidiaries*

Nil

#### *By our Subsidiaries*

Nil

### IV. LITIGATION INVOLVING OUR DIRECTORS AND PROMOTERS

Nil

### V. LITIGATION INVOLVING GROUP ENTITIES

#### *Against Group Entities*

Nil

#### *By Group Entities*

Nil

### VI. POTENTIAL LITIGATION

#### *Potential Litigation against our Company*

##### *Civil Litigation*

Nil

##### *Criminal litigation*

Nil

##### *Tax Litigation*

Nil

#### *Potential Litigation by our Company*

##### *Tax Litigation*

#### 1. **Assessment year 2007 – 2008**

An assessment order dated November 30, 2009 (“**Order**”) has been issued to our Company (“**Assessee**”) by the Assistant Commissioner of Income Tax – 7(2), Mumbai (“**Assessing Officer**”) under Section 143 143(3) of the I.T. Act. Accordingly the income of the Assessee is computed as being ₹ 6,484,080.00 whereas the Assessee has declared income of ₹ 6,154,865.00 in respect of this assessment year. Accordingly, Assessee has received notice of demand dated November 30, 2009 (“**Notice**”) stating that the Assessee is to pay a sum of ₹ 532,433.00 as tax for this assessment year. Assessee has filed rectification application dated February 05, 2010 in this regard, stating that the interest payable by Assessee for this assessment year has been incorrectly computed by the Assessing

Officer due to non- credit of self assessment tax paid. Accordingly, Assessee prays that the submissions of Assessee be taken on record and that the interest payable by the Assessee be recomputed.

### ***Potential Litigation against our Subsidiaries***

#### ***Amprochem Private Limited***

#### ***Tax litigation***

##### ***Assessment year 2008 – 2009***

1. A show cause notice dated March 05, 2010 (“**Notice**”) has been issued to Amprochem Private Limited (“**Noticee**”) by the Income Tax Officer (T. D. S.) 1(1), Mumbai (“**Assessing Officer**”) under Section 201(1)/ 206C (7) of the I. T. Act. The Notice states that a sum of ` 254,100.00 is payable by Noticee for amount (with interest) deducted as “tax deduction at source” but not paid to the income tax department. Noticee is ordered to clarify its position in regard to the levy of such amount as tax. Noticee has, *vide* letter dated April 07, 2010 (“**Response**”) submitted details of all amounts deducted by the Noticee as tax deduction at source and remitted with the Income Tax Department for this assessment year, amounting to ` 434,310.00 (including interest).

##### ***Assessment year 2008 – 2009***

2. A show cause notice dated April 01, 2010 (“**Notice**”) has been issued to Amprochem Private Limited (“**Noticee**”) by the Income Tax Officer (T. D. S.) 1(1), Mumbai (“**Assessing Officer**”) under Section 201(1)/ 206C (7) of the I. T. Act. The Notice states that a sum of ` 37,660.00 is payable by Noticee for amount (with interest) deducted as “tax deduction at source” but not paid to the income tax department and for short deduction/ collection of “tax deduction at source”. Noticee is ordered to clarify its position in regard to the levy of such amount as tax. Noticee has, *vide* letter dated April 20, 2010 (“**Response**”) submitted that the amounts states as being payable in the Notice have been paid by the Noticee on May 30, 2009 and on April 20, 2010.
3. A notice dated February 27, 2010 (“**Notice**”) has been issued to Amprochem Private Limited (“**Noticee**”) by the Deputy Assessor and Collector, Navi Mumbai Municipal Corporation (“**Authority**”) for payment of property tax. The Notice states that property taxes amounting to ₹ 126,052.00 are due from Noticee and that if the said amount is not paid within 48 hours from the receipt of the Notice, a warrant of distress will be executed by the Authority against Noticee. Noticee has *vide* letter dated October 11, 2010 (“**Response**”) stated that it had not paid property tax for the year 2009- 2010 and for the first half of the year 2010- 2011. Accordingly, Noticee has made payment of ₹ 60,657.00 towards property tax for the aforementioned years.

##### ***Assessment year 2004 - 2005***

4. A best judgement proposal bearing number NMMC/CESS/921/2010 dated June 22, 2010 (“**Proposal**”) has been issued to Amprochem Private Limited (“**Assessee**”) by the Cess Department, Navi Mumbai Municipal Corporation (“**Authority**”) under the Bombay Provincial Municipal Corporation (Cess on Entry of Goods) Rules, 1996. The Proposal states that for the assessment year mentioned above, Assessee has been assessed on the basis of its balance sheets and that accordingly, a sum of ₹ 58,292.00 is to be paid by Assessee as cess (with interest). The Proposal also mentions that penalty proceedings can be initiated against Assessee in this regard. Assessee has, *vide* letter dated June 29, 2010 (“**Response**”) submitted the details of various amounts paid by Assessee and submitted as to its willingness to pay any amounts deemed due.
5. A notice dated March 12, 2006 (“**Notice**”) has been issued to Amprochem Private Limited (“**Noticee**”) by the Deputy Assessor and Collector, Navi Mumbai Municipal Corporation (“**Authority**”) for payment of property tax. The Notice states that property taxes amounting to ₹ 131,894.00 are due from Noticee and that if the said amount is not paid within 48 hours from the receipt of the Notice, a warrant of distress will be executed by the Authority against Noticee. Noticee has *vide* letter dated March 20, 2009 (“**Response**”) stated that it had not paid property tax for the years 2006- 2007, 2007- 2008 and 2008- 2009. Accordingly, Noticee has made payment of ₹ 121,314.00 on March 20, 2009 towards property tax for the aforementioned years.

6. A show cause notice bearing number NMMC/ CEG/ 06/ 2009 dated November 04, 2009 (“**Notice**”) has been issued to Amprochem Private Limited (“**Noticee**”) by the Cess Officer, Navi Mumbai Municipal Corporation (“**Authority**”) under the Bombay Provincial Municipal Corporation (Cess on Entry of Goods) Rules, 1996. The Notice states that Noticee has failed to comply with a notice dated May 07, 2008 and accordingly, Noticee is liable to pay penalty of ₹ 10,000.00. Noticee is ordered to show cause as to why the said penalty should not be levied on Noticee. Noticee has, *vide* letter dated November 10, 2009 (“**Response**”) stated that it has already complied with the notice dated May 07, 2008 and has filed the necessary documents as required. Noticee accordingly prays that the grounds for initiating proceedings against it should be verified by the Authority.

***Potential Litigation by our Subsidiaries***

Nil

***Potential Litigation against Our Promoters and Directors***

Nil

***Potential Litigation By our Promoters and Directors***

Nil

***Potential Litigation against Group Entities***

Nil

***Potential Litigation By Group Entities***

Nil

**VII. LITIGATIONS FILED BY/ AGAINST OTHER ENTITIES, WHICH HAVE MATERIAL IMPLICATIONS TO OUR BUSINESS**

Nil

**VIII. PENALTIES IMPOSED IN PAST CASES**

**i. Our Company**

Nil

**ii. Our Subsidiaries**

Nil

**iii. Our Directors and Promoters**

Nil

**iv. Group Entities**

Nil

**IX. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS**

Nil

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the Section titled “Objects of the Issue” beginning on page 69 of the Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.*

### GENERAL AND CORPORATE APPROVALS

1. Certificate of Incorporation bearing corporate identity number U 92112 MH 2002 PTC 137690 dated October 25, 2002, has been issued to our Company, in the name of “Silver Digigraph Private Limited” under the Companies Act, 1956 by the Registrar of Companies, Maharashtra, Mumbai.
2. Fresh Certificate of Incorporation Consequent on Change of Name under the Companies Act, 1956 dated June 06, 2008 has been issued to our Company by the Registrar of Companies, Maharashtra, Mumbai, pursuant to the change of name of our Company from “Silver Digigraph Private Limited” to “MAX Flex & Imaging Systems Private Limited”.
3. Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company under the Companies Act, 1956 dated September 16, 2010 has been issued to our Company by the Assistant Registrar of Companies, Maharashtra, Mumbai pursuant to the conversion of our Company from a private limited company into a public limited company. The same is valid until cancellation.
4. Our Company’s Permanent Account Number (“PAN”), AAHCS5086Q, has been allotted to our Company as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
5. Our Company’s Tax Deduction Account Number (“TAN”), MUMS40093E, has been allotted to our Company by Income Tax Department as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
6. Our Company’s Value Added Tax (“VAT”) Taxpayers Identification Number (“TIN”) being 27270042625 V has been allotted by the Sales Tax Department, Government of Maharashtra. The same is with effect from October 25, 2010 and is valid until cancellation.
7. Certificate of registration bearing number 27270042625 V dated April 01, 2006 was issued under Central Sales Tax (Registration and Turnover) Rules, 1957 by Sales Tax Officer C-101, Registration Branch, Mumbai. The same is with effect from October 25, 2010 and is valid until cancellation.
8. Certificate of registration bearing number 24573001323 dated March 24, 2008 was issued under Central Sales Tax (Registration and Turnover) Rules, 1957 by Assistant Commissioner of Commercial Tax Unit, Ahmedabad. The same is with effect from February 06, 2008 and is valid until cancellation.
9. Certificate of Registration bearing number 24073001323 dated March 24, 2008 was issued under Gujarat Value Added Tax Act, 2003 by Assistant Commissioner of Commercial Tax Unit, Ahmedabad. The same is with effect from February 06, 2008 and is valid until cancellation.
10. Our Company’s VAT TIN being 33132205218 has been allotted by the Commercial Taxes Department, Government of Tamil Nadu. The same is with effect from May 19, 2008 and is valid until cancellation.
11. Certificate of Registration bearing TIN 33132205218 and central sales tax number 969803 has been issued to our Company under Central Sales Tax Act, 1956 for our Company’s branch office in Tamil Nadu. The same is valid from May 19, 2008 and is valid until cancellation.
12. Our Company’s VAT TIN being 28717289559 has been allotted by the Commercial Taxes Department, Government of Andhra Pradesh. The same is with effect from February 01, 2007 and is valid until cancellation.

13. Our Company's VAT TIN being 29250815305 has been allotted by the Commercial Tax Department, Government of Karnataka under the Karnataka Value Added Tax Act, 2003 and Central Sales Tax Act, 1956. The same is with effect from September 05, 2008 and is valid until cancellation.
14. Our Company's VAT TIN being 32071316646C has been allotted by the Commercial Tax Officer, KVAT Circle- II, Government of Kerala. The same is with effect from May 01, 2010 and is valid until April 30, 2011.
15. Certificate of Registration bearing registration number 19628801079 has been issued to our Company by Assistant Commissioner of Sales Tax under Central Sales Tax Office (Registration and Turnover) Rules, 1957. The same is valid from April 03, 2008 and is valid until cancellation.
16. Our Company's VAT TIN being 19628801079 has been allotted by the office of Deputy Commissioner of Sales Tax, Government of West Bengal. The same is with effect from April 03, 2008 and is valid until cancellation.
17. Our Company's VAT TIN being 07670339555 has been allotted by the office of the Value Added Tax officer, Government of National Capital Territory Delhi. The same is with effect from January 21, 2008 and is valid until cancellation.
18. Certificate of registration bearing number 7670339555 dated January 21, 2008 was issued under Central Sales Tax (Registration and Turnover) Rules, 1957 for our Delhi branch office. The same is with effect from January 21, 2008 and is valid until cancellation.
19. Certificate of Registration bearing registration number 23301304499 has been issued to our Company by Assistant Commissioner of Sales Tax under Central Sales Tax Office (Registration and Turnover) Rules, 1957 for our Company's branch office at G.D. Compound, Pathhar Mundla Road, Palda, Indore, Madhya Pradesh. The same is valid from August 20, 2009 and is valid until cancellation.
20. Our Company's VAT TIN being 23301304499 has been allotted by the office of the Sales Tax officer, Indore for our Company's branch office at G.D. Compound, Pathhar Mundla Road, Palda, Indore, Madhya Pradesh. The same is with effect from August 20, 2009 and is valid until cancellation.
21. Our Company's Importer- Exporter Code being 0305037030 has been issued on August 24, 2005 to our Company by the office of Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India for our Company's Registered Office and some branch offices located at Maa Padmavati Complex, Gala number 14, building H, Anjur Road, opposite Laxman Kanta, village- Val, Bhiwandi, District Thane- 421 302, Maharashtra, Maa Padmavati Complex, Gala number 16, building G, Ground floor, Anjur Road, opposite Laxman Kanta, village- Val, Bhiwandi, District Thane- 421 302, Maharashtra, D-32, the Ambica Co-operative Housing Society Limited, Usmanapura, Ahmedabad-380 013, Gujarat, 41 Swamy Naicken Street, Ground floor, Chintadripet, Chennai-688 193, Tamil Nadu, Plot number 369, Patparganj Industrial Area, Delhi- 110 092, 44 911 A-2, Aryapadam lane, Little Flower Church Road, Cochin-682 017, Kerala and 152, Santosh Roy Road, opposite Barisha Sahitya Parishad Library, Sakher Bazar, Barisha, Kolkata-700 008.

#### **QUALITY CERTIFICATION**

22. Certification bearing number SCC/IN/QMS/1296 dated February 10, 2010 has been issued to our Company's Registered Office by Standards Certification Council Private Limited, certifying that the quality management system at the said office complies with the requirements of ISO 9001:2008 certification for Import and Supply of Digital Printing Consumables. The same is valid until February 09, 2013.

#### **Employees Provident Funds and Miscellaneous Provision Act, 1952**

23. Letter bearing number MH/BAN/125676/IC/Circle-III/66 dated August 04, 2009 has been issued to our Company by the Regional Provident Fund Commissioner, Maharashtra under Section 1(3) of the Employees Provident Funds and Miscellaneous Provision Act, 1952 and the scheme framed thereunder, allotting code number MH/BAN/125676 to our Company. The same is valid from July 01, 2005 until cancellation.



### **Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975**

24. Certificate of Registration bearing number PT/R/1/1/27/20014 dated December 12, 2006 was issued to our branch offices located in the state of Maharashtra by Sales Tax Officer (6), Registration Branch, Mumbai, Maharashtra under Sub-section (1) of Section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975.

### **Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976**

25. Registration Certificate bearing number PE C014131029 dated August 27, 2010 was issued to our branch offices located in the state of Gujarat by Assistant Manager, Professional Tax, East Zone, Ahmedabad Municipal Corporation under Sub-section (2) of Section 5 of the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976.

### **Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976**

26. Certificate of Registration bearing number P00212105 dated October 28, 2008 was issued to our branch office located in the state of Karnataka by Professional Tax Officer, 2<sup>nd</sup> Circle, Bengaluru under Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976. The same is valid from October 28, 2008 and is valid until cancellation.

### **West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979**

27. Certificate of Registration bearing number RWC-2663309 dated March 02, 2009 was issued to our branch offices located in the state of West Bengal by Deputy Commissioner, Profession Tax, West Bengal Central Unit, VI, Behala, Kolkata under West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.

## **SHOPS AND ESTABLISHMENT**

### **Bombay Shops and Establishment Act, 1948**

28. Certificate of Establishment bearing registration number GS010350/ Commercial II dated February 14, 2003 has been issued to our Company by the Inspector under the Bombay Shops and Establishments Act, 1948 for our office at G-7, 4B/2, 101 to 104, Prime Plaza, J. V. Patel Compound, B.S. Madhurkar Marg, Elphinstone (West), Mumbai – 400 013, Maharashtra, India. The same is valid till December 31, 2010 and it is to be renewed on or before December 16, 2010.

### **Bombay Shops and Establishment Act, 1948**

29. Certificate of Establishment bearing registration number 760095399/ Commercial II dated May 13, 2009 has been issued to our Company by the Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at 91, Bora Bazar, Street, Fort, Mumbai- 400 001, Maharashtra, India. The same is valid till December 31, 2011 and it is to be renewed on or before December 16, 2011.

### **Bombay Shops and Establishment Act, 1948**

30. Certificate of Establishment bearing registration number 760096438/COMMERCIAL II dated June 17, 2009 has been issued to our Company by the Senior Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at Gala Number 2, Sadhana Industrial Estate, Oshiwara, Mumbai, Maharashtra, India. The same is valid till December 31, 2011 and it is to be renewed on or before December 16, 2011.

### **Bombay Shops and Establishment Act, 1948**

31. Shops Registration license bearing registration number Kasba/II/2856 dated November 30, 2009 has been made by our Company by the Inspector under the Bombay Shops and Establishments Act, 1948 for our Company's branch office at Shop number 5 to 11, Agrawal Pride, C Wing, 1308 Kasba Peth, Near Surya Hospital, Pune- 411 011, Maharashtra and Shop number 2 and 5, Agrawal Pride, B Wing, 1308 Kasba Peth,



Near Surya Hospital, Pune- 411 011, Maharashtra. The same is valid from January 04, 2010 till March 31, 2011.

#### **Bombay Shops and Establishment Act, 1948**

32. Shops Registration license bearing registration number II-6-4278 dated June 08, 2010 has been issued to our Company by the Inspector under the Bombay Shops and Establishments Act, 1948 for our Company's branch office at Ratan Apartment, Building number 2, Shop number 8 and 9, Subhash Road, Ganesh Peth, Nagpur, Maharashtra. The same is valid from June 08, 2010 and is valid till December 31, 2011.

#### **Bombay Shops and Establishments Act, 1948**

33. Establishment Registration Certificate bearing number 6817/2 dated August 27, 2010 was issued to our branch office at B-5 & 12, Classic Arcade, Upendra Nagar, Ambad, Nasik, Maharashtra of our Company by Inspector under Bombay Shops and Establishments Act, 1948. The same is valid from August 27, 2010 and is valid till December 31, 2010.

#### **Bombay Shops and Establishment Act, 1948**

34. Registration Certificate bearing number 183746 dated August 12, 2010 was issued to all the branch offices located at A/1 & 2, Shrinath Estate- 1, 2, Opposite Anupam Cinema, Khokhara and 30 and 32, Harivilla, Ambica Society, B.H NABARD Tower, Plot Number 2, Usmanpura all of which are situated at Ahmedabad, Gujarat by the Office of the Chief Inspector, Shops and Establishments under the Bombay Shops and Establishments Act, 1948. The same is valid from August 12, 2010 and is valid till December 31, 2010.

#### **Karnataka Shops and Commercial Establishments Act, 1961**

35. Certificate of Establishment bearing registration number 38/VS-168/2008 dated September 11, 2008 was issued to our branch office at number 152/36-4, 3<sup>rd</sup> main, Industrial Town, Rajajinagar Suburb, Bengaluru-560 044, Karnataka by the Inspector under the Karnataka Shops and Commercial Establishments Act, 1961. The same is valid till December 31, 2012.

#### **West Bengal Shops and Establishment Act, 1963**

36. Registration Certificate bearing number Kol/Beh/P-11/46962 dated August 12, 2010 was issued to our branch office at 152, KMC Ward number 123, Santosh Roy Road, P.S. Behala, Kolkata- 700 008, West Bengal by the Office of the Chief Inspector, Shops and Establishments under the West Bengal Shops and Establishments Act, 1963. The same is valid from August 12, 2010 and is valid till three years from the date of issue.

#### **Delhi Shops and Establishment Act, 1954**

37. Registration Certificate of Establishment bearing number 2010023069 dated November 13, 2010 was issued to our branch office at 369, Patparganj Industrial Area, Delhi-110 092, Delhi by the Office of the Chief Inspector, Shops and Establishments under the Delhi Shops and Establishments Act, 1954. The same is valid from November 13, 2010.
38. Commercial No Objection Certificate dated October 01, 2010 was issued to our branch office at 166/1, Gajanan Nagar, Fursungi, Pune, Maharashtra by the Gram Panchayat Office, Furshungi. The same is valid for a period of 1 year from October 01, 2010.
39. Commercial No Objection Certificate dated July 27, 2010 was issued to our branch office at Ground Floor, "Bandhu Pream", Survey Number 166/1/1/1, Fursungi, Taluka Haveli, District Pune, Maharashtra by the Gram Panchayat Office, Furshungi. The same is valid for a period of 1 year from July 27, 2010.
40. No Objection Certificate dated September 08, 2010 has been issued to our Company's branch office at Plot number 49, Ward number 5, Kh. number 219-220-221/1, Adarsh Nagar, Mouza Wadi, Wadi, Nagpur, Maharashtra by the Sarpanch, Gram Panchayat, Wadi. The same is valid for a period of 1 year from September 08, 2010.

41. License for food and drugs commercial business bearing license number 25 and registration number 30 dated July 21, 2010 has been issued to our branch office at G.D. Compound, Pathhar Mundla Road, Palda, Indore, Madhya Pradesh by the Sarpanch, Gram Panchayat, Palda, Janpad Panchayat, Indore under Section 77 (4) of the Panchayati Act, 1993. The same is valid from January 04, 2010 till March 31, 2011.

#### **EMPLOYEES STATE INSURANCE ACT, 1948**

42. Letter bearing number B/COV/RL-6503/31-49691-101 dated August 13, 2009 issued to our Company by Regional Office Maharashtra, Employees State Insurance Corporation under Employees State Insurance Act, 1948 allotting employers' code number 31-49691-101 to the registered office. The same is valid from April 01, 2007 and is valid until cancellation. Letter bearing number 31/R/G/32/11/6/IT/2009 dated December 09, 2009 issued by Regional Office Maharashtra, Employees State Insurance Corporation to re-assign a new employers' code number 31000496910001002 to our Company offices at G-7, 4B/2, 101 to 104, Prime Plaza, J. V. Patel Compound, B.S. Madhurkar Marg, Elphinstone (West), Mumbai – 400 013, Maharashtra, India.
43. Letter bearing number B/Ins.III/31-310496910011002/Pin 13/15 dated September 29, 2010 issued to our branch office at 91, Bora Bazar, Street, Fort, Mumbai- 400 001, Maharashtra, India by Employees State Insurance Corporation, Colaba under Employees State Insurance Act, 1948 allotting sub-code number 31310496910011002. The same is valid until cancellation.
44. Letter bearing number T/Cov./2 (9)/T-849/34310496910011002 issued to our branch office at 15/16, Ground Floor, Building Number H, Maa Padmavati Complex, Village Val, Dapoda Road, Opposite Laxman Kata, Thane by Employees State Insurance Corporation, Thane under Employees State Insurance Act, 1948 allotting sub-code number 34310496910011002. The same is valid from April 01, 2008 and is valid until cancellation.
45. Letter bearing number INS-I/23310496910011002(NGP)/2036 dated July 27, 2010 issued to our branch office at Plot number 49, 1<sup>st</sup> Floor, Mantri Marketing, Next to Wadi Golden Transport, Adarsh Nagar Wadi, Nagpur-220 023, Maharashtra by Employees State Insurance Corporation, Nagpur under Employees State Insurance Act, 1948 allotting sub-code number 23310496910011002. The same is valid from May 01, 2008 and is valid until cancellation.
46. Letter bearing number 37-31-049691-001-1002/CO-IR dated August 17, 2010 issued to our branch office at 1-2 Shrinath Estate 2, Opposite Anupam Cinema, Near Pragati School, Khokhara, Ahmedabad by Employees State Insurance Corporation, Ahmedabad under Employees State Insurance Act, 1948 allotting sub-code number 37-31-049691-001-1002. The same is valid from April 01, 2008 and is valid until cancellation.
47. Letter bearing number Kar.Ins.I.SO/BO.53-31-049691-001-1001 BNG dated December 15, 2009 issued to our branch office at 152/36-4, & 25 HP Power, Ground Floor, 3rd Main, Industrial Town Rajajinagar Suburb, Bengaluru- 560 044, Karnataka by Employees State Insurance Corporation, Bengaluru under Employees State Insurance Act, 1948 allotting sub-code number 53-31-049691-001-1001 BNG. The same is valid from April 01, 2007 and is valid until cancellation.
48. Letter bearing number 47.P.11.19/1/1/2010/(S.CODE)Inspn. dated August 17, 2010 issued to our branch office at Krishna Agencies, T.D. Sannidhi Road, Near Hotel Balaji, Ernakulam -35, Kerala by Employees State Insurance Corporation, Cochin under Employees State Insurance Act, 1948 allotting sub-code number 47310496910011002. The same is valid until cancellation.
49. Letter bearing number C/INS. IV/41 31 049691 001 1001 dated December 11, 2009 issued to our C&F Agent office at 152, KMC Ward number 123, Santosh Roy Road, P.S. Behala, Kolkata- 700 008, West Bengal by Employees State Insurance Corporation, Kolkata under Employees State Insurance Act, 1948 allotting sub-code number 41 31 049691 001 1001. The same is valid from July 01, 2007 and is valid until cancellation.
50. Letter bearing number D/Branch Office/10310496910011002 dated September 28, 2010 issued to our branch office at Ground Floor, Industrial Property Number 369, Functional Industrial Estate, Patparganj, Delhi-92 by Employees State Insurance Corporation, Delhi under Employees State Insurance Act, 1948

allotting sub-code number 10310496910011002. The same is valid from April 01, 2008 and is valid until cancellation.

### **Mumbai Municipal Corporation Act, 1888**

51. License bearing number 871066927 dated June 24, 2010 was issued to the Oshiwara branch office of our Company by the Senior Inspector License KW Ward, Municipal Corporation of Greater Mumbai under section 394 of the Mumbai Municipal Corporation Act, 1888. The same is valid from June 25, 2010 and is valid till June 24, 2012.

### **M/s. AMPROCHEM PRIVATE LIMITED**

### **GENERAL AND CORPORATE APPROVALS**

1. Certificate of Incorporation bearing number 11-55272 of 1990 dated January 31, 1990, has been issued to our Company, in the name of "Amprochem Private Limited" under the Companies Act, 1956 by the Registrar of Companies, Maharashtra, Mumbai.
2. Permanent Account Number for Amprochem Private Limited is AAACA3814F, has been allotted to Amprochem Private Limited as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
3. Our Company's Tax Deduction Account Number, MUMA10579C, has been allotted to our Company by Income Tax Department as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.
4. Value Added Tax Taxpayers Identification Number ("TIN") for Amprochem Private Limited being 27050012385 V has been allotted by the Sales Tax Department, Government of Maharashtra. The same is with effect from April 01, 2006 and is valid until cancellation.
5. Our Company's Central Sales Tax TIN being 27050012385 C, has been allotted to our Company by the Department of Sales Tax, Government of Maharashtra. The same is with effect from April 01, 2006 and is valid until cancellation.
6. Entrepreneurs Memorandum Acknowledgement bearing Entrepreneurs Memorandum Number 27-021-12-01927-Part II dated April 15, 2010 has been issued to Amprochem Private Limited as a Small Enterprise by General Manager, District Industrial Centre, Thane under notification bearing number S.O. 1643 (E) in exercise of the powers conferred by sub-section (2) of section 8 of the Micro, Small and Medium Enterprises Development Act, 2006.
7. Central Excise Registration Certificate bearing number AAACA3814FXM001 dated March 04, 2004 has been issued to M/s. Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by the Deputy Commissioner of Central Excise & Customs, Belapur- III Division under the Central Excise Act and Rule 9 of the Central Excise Rules, 2002 for the manufacturing of excisable goods. The same is valid until cancelled.
8. Service Tax Certificate bearing number AAACA3814FST001 dated January 15, 2009 has been issued to M/s. Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by the office of the Assistant/Deputy Commissioner of Service Tax, Division-V, Mumbai under Section 69 of Finance Act, 1994 for the transport of goods by road. The same is valid until cancellation.
9. Importer- Exporter Code ("IEC") for Amprochem Private Limited being 0398054312 has been issued on December 18, 1998 to Amprochem Private Limited by the office of Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India for the registered office of Amprochem Private Limited and some branch offices located at A-11, MIDC, Badlapur Industrial Area, Badlapur, Thane-421 503 and Gala number 26, Building- H, Maa Padmavati Complex, opposite Laxman Kanta, village Val, Bhiwandi, Thane-421 302.

### **EMPLOYEES STATE INSURANCE ACT, 1948**

10. Letter bearing number 34/D-IT Roll Out/Gen./2009 dated January 11, 2010 issued to Amprochem Private Limited by Employees State Insurance Corporation, Thane under Employees State Insurance Act, 1948 allotting employers' code number 340000016200003999 to Amprochem Private Limited. The same is valid until cancellation.

#### **FACTORIES ACT, 1948**

11. License to operate a factory bearing number KALYAN/ 24277/ 172A dated March 12, 2010 has been issued to Amprochem Private Limited in respect of its unit at A-11, Badlapur Industrial Area, Badlapur (East), District- Thane, Maharashtra by the Inspector of Industrial Health and Safety, Maharashtra State, Mumbai under the Factories Act, 1948 and the rules formulated thereunder. The same has been periodically renewed and is presently valid till December 31, 2011.
12. Certificate of Stability dated August 05, 2008 has been issued to Amprochem Private Limited by M/s. Maharashtra Industrial Engineering Services, Consulting Civil & Structural Engineer under the Factories Act, 1948 and Rule 3A of the Maharashtra Factories Rules, 1963 in respect of Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India. The same is valid till August 04, 2013.

#### **OTHER LICENSES UNDER FACTORIES ACT, 1948**

13. Scrutiny certificate bearing number 2065907 dated November 19, 2008 was issued to M/s. Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by Food and Urban Supplying Department under the Standard of Weights and Measures Act, 1985 and Maharashtra Weight and Measurement Act, 1987 for the purposes of scrutinizing three (3) tanks used by our Company. The next date of scrutiny is November 18, 2013.
14. Scrutiny certification bearing number 0064574 dated November 20, 2009 was issued to Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by Inspector, Light Weight and Measure, Thane 3<sup>rd</sup> Division under the Standard of Weights and Measures Act, 1985 and Maharashtra Weight and Measurement Act, 1987 for the purposes of scrutinizing one (1) platform machine and two (2) electronic scales of different measures used by Amprochem Private Limited. The next date of scrutiny is November 20, 2010.
15. Scrutiny certification bearing number 0064572 dated November 20, 2009 was issued to Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by Inspector, Light Weight and Measure, Thane 3<sup>rd</sup> Division under the Standard of Weights and Measures Act, 1985 and Maharashtra Weight and Measurement Act, 1987 for the purposes of scrutinizing one (1) counter scale, four (4) Iron Weight of different measures and one (1) spring balance used by Amprochem Private Limited. The next date of scrutiny is November 20, 2010.
16. Calibration Chart for tank bearing number 01 dated August 12, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 12, 2015.
17. Calibration Chart for tank bearing number 02 dated August 12, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 12, 2015.
18. Calibration Chart for tank bearing number 04 dated August 12, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 12, 2015.
19. Calibration Chart for tank bearing number 05 dated August 12, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage

Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 12, 2015.

20. Calibration Chart for tank bearing number 07 dated August 14, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 14, 2015.
21. Calibration Chart for tank bearing number 08 dated August 14, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 14, 2015.
22. Calibration Chart for tank bearing number 09 dated August 16, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 16, 2015.
23. Calibration Chart for tank bearing number 10 dated August 16, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 16, 2015.
24. Calibration Chart for tank bearing number 11 dated August 16, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 16, 2015.
25. Calibration Chart for tank bearing number 12 dated August 16, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 16, 2015.
26. Calibration Chart for tank bearing number 13 dated August 16, 2010 was issued to Amprochem Private Limited at Plot number A-11, Kulgaon MIDC, Badlapur (East) by Inspector of Legal Metrology, Storage Tank Division, Kokan Region for vertical cylindrical fixed roof tank used by Amprochem Private Limited. The next date of calibration is August 16, 2015.

#### **LICENSES UNDER PETROLEUM ACT, 1934 AND PETROLEUM RULES, 2002**

27. Building Plan approval bearing number A/P/WC/MH/15/2627 (P187615) dated November 08, 2006 was issued to Amprochem Private Limited by Petroleum and Explosives Safety Organisation, Navi Mumbai for proposed Petroleum Class B installation of tank having capacity of 17.5 kilo liters to store Superior Kerosene Oil at Badlapur MIDC Plot number A-11, Kulgaon Badlapur, Thane.

#### **ENVIRONMENTAL LICENSES**

28. Consent to Establish bearing number MPCB/ROK/KCA/O/CC-16 dated April 17, 2008 has been issued to Amprochem Private Limited for plot number A-11, MIDC Badlapur, Thane by the Regional Officer, Kalyan, Maharashtra Pollution Control Board, Mumbai under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorisation under Rule 5 of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 1989 and Amended Rules, 2003. The same is valid until commissioning of the plant.
29. Certificate of Registration of Consumer bearing number 382/2007 dated December 29, 2007 has been issued to our Company in respect of Amprochem Private Limited by the Controller of Rationing and Director of Civil Supplies, Mumbai under clauses 2(1)(d), 2(1)(g), 2(i), 2(3), 2(4), 2(5), 2(6), 2(7) and 2(8) of the Maharashtra Solvent, Raffinate and Slop (Licensing) Order, 2007, registering Amprochem Private Limited as consumer of solvent. The same is valid until December 28, 2012.



## INDIAN ELECTRICITY ACT

30. Certificate bearing number 9028 dated June 01, 2010 has been issued to Amprochem Private Limited at Plot number A-11, MIDC, Badlapur (East), Taluka- Ambernath, District- Thane by the Deputy Executive Engineer, Badlapur Sub-division, Maharashtra State Electricity Board, Badlapur (East) for sanction of fresh power supply of 107 horse power.

## MAHARASHTRA FIRE PREVENTION AND LIFE SAFETY MEASURES ACT, 2006

31. Final No Objection Certificate bearing number MIDC/FIRE/1908 dated October 29, 2010 has been issued to Amprochem Private Limited at Plot number A-11, MIDC Industrial Area, Badlapur, District Thane, Maharashtra by Fire Station Officer, MIDC, Addl. Ambernath under the provisions of Maharashtra Fire Prevention and Life Safety Measures Act, 2006. The same shall be valid until October 28, 2011.
32. Permanent Registration Certificate bearing Indian Merchants' Chamber code IMC6567 dated August 20, 2009 issued to Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India by Indian Merchants' Chamber, Mumbai.
33. Certificate dated September 06, 2010 issued by Dr. S.K. Bhagchandani to the M/s. Amprochem Private Limited at Plot number R-407, Thane Belapur Road, TTC Industrial Area, Rabale, Navi Mumbai 400 701, Maharashtra, India stating that the employees of our Company are free from all contagious and occupational diseases.

## APPLICATIONS MADE FOR LICENSES TO BE RENEWED

Sr. No.	Type of license or approval	Date of expiry of license	Date of application	Authority before whom the application is made
<b>BRANCH OFFICE AT 57M/07, KHANDESH COMPLEX, JALGAON-425 001, MAHARASHTRA</b>				
17.	Application for certificate of establishment issued under Mumbai Shops and Establishments Act, 1948	NA		Inspector under the Mumbai Shops and Establishments Act, 1948
18.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees State Insurance Corporation, Jalgaon
<b>BRANCH OFFICE AT SHOP NUMBER 5 AND 6, AGRAWAL PRIDE, 1308 KASBA PETH, NEAR SURYA HOSPITAL, PUNE- 411 011, MAHARASHTRA</b>				
19.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	July 03, 2010	Regional Employees State Insurance Corporation, Pune
<b>BRANCH OFFICE AT PLOT NUMBER 20, BAJIRAO NAGAR, TIDKE COLONY, NASIK</b>				
20.	Application for coverage of Nasik branch office in Mumbai regional office under Employees State Insurance Act, 1948	NA	November 23, 2009	Regional Employees State Insurance Corporation, Nasik
<b>BRANCH OFFICE PLOT NUMBER C-5, 6, 7 AND 8, CLASSIC ARCADE, UPENDRA NAGAR, AMBAD, NASIK, MAHARASHTRA, INDIA</b>				
21.	Application for certificate of establishment Shops and Establishments Act, 1948	NA	October 25, 2010	Shop Inspector, Nasik
<b>BRANCH OFFICE AT G.D. COMPOUND, PATTHAR MUNDLA ROAD, PALDA, INDORE, MADHYA PRADESH, INDIA</b>				
22.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees State Insurance Corporation, Indore
23.	Application for registration under Madhya Pradesh Profession Tax Act, 1995	NA	November 18, 2010	Profession Tax Assessing Authority, Circle-13, Indore
<b>BRANCH OFFICE AT OFFICE/GODOWN, GROUND FLOOR, PLOT NUMBER-1-2-54/3/1, DOMALGUDA,</b>				

Sr. No.	Type of license or approval	Date of expiry of license	Date of application	Authority before whom the application is made	
HYDERABAD-29, ANDHRA PRADESH, INDIA					
24.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Hyderabad	Director, State
BRANCH OFFICE AT GALA NUMBER 2, GROUND FLOOR, SADHANA INDUSTRIAL ESTATE, C.T.S NUMBER 471,VILLAGE- OSHIWARA, TALUKA- ANDHERI, MAHARASHTRA, INDIA					
25.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Andheri	Director, State
BRANCH OFFICE AT PLOT NUMBER 14, GROUND FLOOR, HARI ICHCHHA INDUSTRIAL SOCIETY, OPPOSITE UMIYADHAM MANDIR, A.K. ROAD, SURAT, GUJARAT, INDIA					
26.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Surat	Director, State
BRANCH OFFICE AT 30 and 32, “HARIVILLA”, GROUND FLOOR, AMBICA SOCIETY, USMANPURA, AHMEDABAD-380 013, GUJARAT, INDIA					
27.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Ahmedabad	Director, State
BRANCH OFFICE AT 32, “HARIVILLA”, GROUND FLOOR, AMBICA SOCIETY, USMANPURA, AHMEDABAD-380 013, GUJARAT, INDIA					
28.	Application for allotment of sub-code number under Employees State Insurance Act, 1948	NA	November 09, 2010	Regional Employees Insurance Corporation, Rajkot	Director, State
M/s. AMPROCHEM PRIVATE LIMITED					
29.	Application for additional place of business to be added to the existing Value Added Tax certificate	NA	August 12, 2010	Sales Tax Officer, Thane	
30.	Application for License to operate a factory under the Factories Act, 1948 and the rules formulated thereunder	NA	March 02, 2010	Inspector of Industrial Health and Safety, Maharashtra State, Mumbai	
31.	Application for consent to operate under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorisation under Rule 5 of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 1989 and Amended Rules, 2003	NA	April 12, 2010	Sub Regional Officer (Kalyan-II), Kalyan	
32.	Application for solvent license for solvent MTO to be used as raw material	NA	September 23, 2009	The Controller of Rationing, Mumbai	

## LICENSES WHICH HAVE NOT YET BEEN APPLIED FOR:

Sr. No.	Nature of license/ government approval required	Authority before whom application is to be made
7.	Certificate of Establishment to be issued by the Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at 14, 15/16, 20, 21, 22, 23, 24, 25, Ground Floor, Building Number H, Maa Padmavati Complex, Village Val, Dapoda Road, Opposite Laxman Kata, Thane	Inspector under the Bombay Shops and Establishments Act, 1948 or any other relevant authority
8.	Certificate of Establishment to be issued by the Inspector under the Bombay Shops and Establishments Act, 1948 for our branch office at Shop number 14, 15 and 16, Ground floor, Ratan Apartments, Survey number 160/2, Sheet number 277, Municipal Corporation House number 172, Ward number 124, near Agyaram Devi Square, Khasra number 413, Nagpur Municipal Corporation, Nagpur, Maharashtra	Inspector under the Bombay Shops and Establishments Act, 1948
9.	Certificate for coverage of branch office under Employees State Insurance Act, 1948 for our branch office at Survey number 9/3, Mouza Ovali, Taluka Bhiwandi, Ground floor, Sagar Complex building number C-2, Godown number 13 and 14, District Thane, Maharashtra, India	Regional Director, Employees State Insurance Corporation, Thane
10.	Application for addition/deletion of address under Central Sales Tax Act, 1956 for branch offices in Tamil Nadu	Sales Tax Officer
11.	Application for addition of addresses under Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 for the addresses i.e. 32, Harivilla Ambica Society, Usmanpura, Ahmedabad, Usmanpura, Ahmedabad, Aditya Building, 30 Ambica Society, B.H NABARD Tower, Plot Number 2, Usmanpura, Ahmedabad, Plot number 14, Ground Floor, Hari Ichchha Industrial Society, Opposite Umiyadham Mandir, Surat and Paras - A building, Ground Floor, Manhar Plot, 4-Shardha Nagar, Revenue Survey No. 417, Plot No. 8/4, Rajkot	Assistant Manager, Professional Tax, East Zone, Ahmedabad Municipal Corporation
12.	Application for change of address from 41, Swamy Naicken Street, Ground Floor, Chintadripet, Chennai-688 193 Tamil Nadu to Ground and first floor of 175, Big Street, Triplicane, Chennai- 600 005, Tamil Nadu under Employees State Insurance Act, 1948	Regional Director, Employees State Insurance Corporation, Chennai

## LICENSES APPLICABLE TO OBJECTS OF THE ISSUE:

1. Approval for the factory plan from the Factories Inspector in accordance with the Factories Act, 1948;
2. Consent to establish from the local Pollution Control Board under The Environment (Protection) Act, 1986, The Air (Prevention and Control of Pollution) Act, 1981 and The Water (Prevention and Control of Pollution) Act, 1974;
3. Authorisation under the Hazardous Waste Rules formulated under the Environment (Protection) Act, 1986;
4. Membership of a local Common Effluent Treatment Plant;
5. Approvals for construction from local municipal authorities as may be required i.e. the Nashik Municipal Corporation;
6. Drainage plan approval from civic/ municipal authorities;



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7. Temporary electricity and water supply approvals (billed on monthly basis) for electricity and water required during construction;
  8. Contract labour approvals for contract labour used in construction under Sections 7(2) and 12(2) of the Contract Labour (Regulation and Abolition) Act; and
  9. Permission for use of diesel generator set under the Indian Electricity Act, 1910.

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## SECTION IX- OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on September 16, 2010. The shareholders have, at the Extraordinary General Meeting of our Company held on September 20, 2010, approved the Issue.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited has given in-principle approval for the Issue on [●] and [●] respectively.

### Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoters, the Promoter Group, Group Entities or the person (s) in control of our Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors were directors of any company when the shares of the said company were suspended from trading by Stock Exchange(s) for more than 3 months during last 5 years or delisted.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Our Company, our Directors, our Promoters, the relatives of the Promoters (as defined under the Companies Act) and our Group Entities have not been identified as wilful defaulters by RBI or any other government authorities and there are no violations of securities laws committed by them in the past or are pending against them.

### Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least ₹ 30.00 mn. in each of the preceding three full years, of which not more than 50% is held in monetary assets;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10.00 mn. in each of the three preceding full years;
- The aggregate of the proposed Issue size and all previous issues made in the same Fiscal in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last Fiscal;
- During the year preceding the date of the Draft Red Herring Prospectus, i.e. Fiscal 2010, our Company had changed its name to Max Flex & Imaging Systems Private Limited to Max Flex & Imaging Systems Limited pursuant Fresh Certificate of Incorporation Consequent Upon Change of Name dated September 16, 2010. No new activity is suggested by the change in name of our Company.

Our Company's net tangible assets, monetary assets, net profit and net worth derived from our Standalone Restated Financial Statements for the last five years are set forth below:

	(₹ in mn.)				
Particulars	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Net Tangible Assets <sup>1</sup>	64.98	145.19	616.11	1,117.03	1,565.85
Monetary Assets <sup>2</sup>	0.27	1.27	8.93	16.40	27.61
Monetary Assets as a % of Net Tangible Assets	0.41	0.87	1.45	1.47	1.76
Net Worth <sup>3</sup>	4.47	14.51	125.47	211.14	414.33
Distributable Profits <sup>4</sup>	0.87	3.55	24.05	85.01	178.63

<sup>1</sup>"Net Tangible Assets" are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities) excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

<sup>2</sup>Monetary Assets are defined as the sum of cash in hand, non trade Investments, balance with scheduled bank in current accounts, fixed deposits and public deposit account with the Government, if any.

<sup>3</sup>Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves and share application money) and after deducting miscellaneous expenditure not written off, if any.

<sup>4</sup>Distributable profits have been computed in terms section 205 of the Companies Act, 1956.

Further, we undertake that the number of Allottees in the Issue shall be least 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

#### DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER, ANAND RATHI ADVISORS LIMITED AND THE BOOK RUNNING LEAD MANAGER, SMC CAPITALS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE GC-BRLM AND BRLM ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER ANAND RATHI ADVISORS LIMITED AND BOOK RUNNING LEAD MANAGER SMC CAPITALS LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 27, 2010 WHICH READS AS FOLLOWS:

"WE, THE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER AND BOOK RUNNING LEAD MANAGER, TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE TAX DISPUTES AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT

**VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS, AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- a. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - b. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN PROPOSED THE ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
  4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**
  5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
  6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
  7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE**
  8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE ISSUER**

AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE, AS THE ISSUE SIZE IS MORE THAN 100.00 MILLION. THE ALLOTMENT OF EQUITY SHARES IS TO BE MADE COMPULSORILY IN DEMATERIALIZED FORM ONLY, PURSUANT TO SECTION 68B OF THE COMPANIES ACT, 1956.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
  - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the GC-BRLM and/ or BRLM any irregularities or lapses in the Draft Red Herring Prospectus.

**All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, in terms of Section 56, 60 and 60B of the Companies Act.**

**All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.**

#### **DISCLAIMER STATEMENT OF OUR COMPANY, THE GC-BRLM AND BRLM**

Our Company, the Directors and the GC-BRLM AND BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website [www.maxflex.in](http://www.maxflex.in) would be doing so at his or her own risk.

The GC-BRLM and/ or BRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the GC-BRLM and BRLM with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company, the GC-BRLM and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, nor its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The GC-BRLM and BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

#### **Caution**

Investors who bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the GC-BRLM and the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the GC-BRLM and the BRLM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Mumbai, Maharashtra, India.

#### **Disclaimer in respect of jurisdiction**

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) and to eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions). The Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions.



Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai, Maharashtra, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

#### **Disclaimer Clause of the BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Disclaimer Clause of the National Stock Exchange of India Limited (NSE)**

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies at Registrar of Companies, Maharashtra, 100, Everest Building, Marine Drive, Mumbai – 400 002, Maharashtra, India.

#### **Listing**

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. BSE shall be the Designated Stock Exchange. In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.



Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 12 Working Days of Bid/ Issue Closing Date.

### Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

***“Any person who-***

- (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

### Consents

Consents in writing of our Directors, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisors to the Issue, the Bankers to our Company, the GC-BRLM, BRLM, the Registrar to the Issue, Advisor to our Company, the Syndicate Members\*, the Escrow Collection Banks\*, Refunds Bank(s)\* and the IPO Grading Agency\* to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and have agreed that such consents have not been withdrawn upto the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

*\*The aforesaid will be appointed prior to filing of the Red Herring Prospectus with the RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.*

M/s. D. Kothary & Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus for registration to the RoC.

M/s. D. Kothary & Co., Chartered Accountants have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and will not withdraw such consent upto the time of delivery of the Prospectus for registration with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn upto the time of delivery of the Prospectus for registration with the Registrar of Companies.

### Expert Opinion

Except the statement of tax benefits, report of our Auditors dated November 23, 2010 and the report issued in respect of the IPO grading of this Issue annexed herewith, and except as stated elsewhere in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

### Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ [●] mn. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the GC-BRLM and BRLM and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

<b>(₹ in mn.)</b>			
<b>Particulars</b>	<b>Amounts*</b>	<b>As percentage of</b>	<b>As a percentage</b>

		total expenses	of Issue size
Lead management fees (including, underwriting commission, brokerage and selling commission)	[•]	[•]	[•]
Registrar to the Issue	[•]	[•]	[•]
Advisors	[•]	[•]	[•]
Bankers to the Issue	[•]	[•]	[•]
Others:	[•]	[•]	[•]
- Printing and stationery	[•]	[•]	[•]
- Listing fees	[•]	[•]	[•]
- Fees to SCSBs	[•]	[•]	[•]
- Advertising and marketing expenses	[•]	[•]	[•]
- IPO Grading Fees	[•]	[•]	[•]
- Others	[•]	[•]	[•]
<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

*\*Would be incorporated post finalisation of Issue Price*

### **Fees payable to the Global Co-ordinator and Book Running Lead Manager and Book Running Lead Manager**

The total fees payable to Anand Rathi Advisors Limited and to SMC Capitals Limited will be as stated in the Issue Agreement dated November 22, 2010 signed and executed between our Company and Anand Rathi Advisors Limited and SMC Capitals Limited, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

### **Fees payable to the Registrar to the Issue**

The total fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum Of Understanding dated September 20, 2010 signed and executed between our Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refund orders to unsuccessful applicants.

### **Previous public or rights issues**

Our Company has not made any public or rights issue since its inception.

### **Previous issue of Equity Shares otherwise than for cash**

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the chapter titled "Capital Structure" beginning on page 55 of the Draft Red Herring Prospectus.

### **Commission or brokerage on previous issues**

No sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

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**Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any capital issue since inception**

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the Stock Exchanges and has not made any capital issue since incorporation.

**Promise vs Performance – Previous Issues of our Company and our Group/ Subsidiary/ Associate Companies**

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group/ Subsidiary/ Associate Companies has made any public issues in the past.

**Outstanding debentures or bond issues**

As on the date of filing the Draft Red Herring Prospectus, our Company does not have any outstanding debentures and has not made any bond issue.

**Outstanding Preference Shares**

As on the date of filing the Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

**Stock Market Data**

This being the first public issue by our Company, no stock market data is available.

**Disclosure on Investor Grievances and Redressal System**

The MOU between the Registrar to the Issue and our Company entered on September 20, 2010 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

**Disposal of Investor Grievances by our Company**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have also constituted Shareholders / Investors Grievance Committee of the Board of Directors *vide* resolution passed as the Board Meeting held on September 27, 2010, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer chapter titled '*Our Management*' beginning on page 169 of the Draft Red Herring Prospectus.

Our Company has appointed Ms. Neha Salia, Company Secretary as the Compliance Officer for this Issue and she may be contacted for redressal of any complaints at:

**Ms. Neha Salia**  
**Max Flex & Imaging Systems Limited**  
102 Prime Plaza,  
J.V. Patel Compound  
Balasaheb Madhurkar Marg  
Elphinstone (West)  
Mumbai – 400 013  
Maharashtra, India.  
Tel. No.: +91-22-2438 0160  
Fax No.: +91-22-2438 0152  
Email: ipo@maxflex.in

Investors can also contact the Registrar to the Issue for redressal of any complaints at the following address:

**Bigshare Services Private Limited**  
E-2 & 3, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka,  
Andheri (East),  
Mumbai - 400 072  
Maharashtra, India  
**Tel. No.:** +91-22-2847 0652/ 0653  
**Fax No.:** +91-22-2847 5207  
**Email:** max.ipo@bigshareonline.com  
**SEBI Registration No.:** INR000001385  
**Contact person:** Mr. Ashok Shetty

#### **Changes in the Auditors during last three years and reasons thereof**

There have been no changes in our auditors in the last three years.

#### **Capitalisation of reserves or profits during the last five years**

On September 27, 2010 our Company has issued 4,074,917 Equity Shares as bonus shares to the existing shareholders of our Company in the ratio of 1:2. For details of the same, please refer to the section titled "*Capital Structure*" beginning on page 55 of the Draft Red Herring Prospectus. Except for the said bonus issue, our Company has not capitalized its reserves or profits at any time during the last five years.

#### **Revaluation of assets during the last five years**

Our Company has not revalued its assets since incorporation.

## SECTION X - ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, including ASBA forms the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section “*Main Provisions of the Articles of Association of our Company*” beginning on page 258 of the Draft Red Herring Prospectus.

#### Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the Articles and the Listing Agreements.

#### Face Value and Price Band

The face value of each Equity Share is ₹ 10. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

#### Compliance with SEBI ICDR Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 342 of the Draft Red Herring Prospectus.

## Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the section titled “*Issue Procedure*” beginning on page 309 of the Draft Red Herring Prospectus.

## Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company’s Registered or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.**

## Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue through the Draft Red Herring Prospectus including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

## Arrangement for disposal of odd lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

## Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

**As per the extant policy of the Government of India, OCBs cannot participate in this Issue.** The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/ or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). The Equity Shares shall be sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**

**The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the GC-BRLM and BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the GC-BRLM and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

#### **Restriction on transfer of Equity Shares**

Except for lock-in as detailed in “*Capital Structure*” beginning on page 55 of the Draft Red Herring Prospectus, and except as provided in our Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please see “*Main Provisions of the Articles of Association of our Company*” beginning on page 342 of the Draft Red Herring Prospectus.



## ISSUE STRUCTURE

Public Issue of 5,310,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating ₹ [●] mn., (hereinafter referred to as the “Issue”).

Our Company is considering a Pre-IPO Placement of upto 800,000 Equity Shares and aggregating upto ₹ 200.00 millions with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company. The Equity Shares allotted under the Pre-IPO Placement, if completed, shall be subject to a lock- in period of one (1) year from the date of the Allotment pursuant to the Issue.

The Issue will constitute 29.77% of the total post issue paid-up equity capital of our Company. The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Bidders	Institutional ers	Retail Individual Bidders
Number of Equity Shares*	Not more than 2,655,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 796,500 Equity Shares shall be available for allocation	Not less than 1,858,500 Equity Shares shall be available for allocation
Percentage of the Issue Size available for allocation	<p>Not more than 50% of Issue Size shall be allocated to QIBs.</p> <p>However, not less than 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.</p> <p>Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.</p>	Not less than 15% of the Issue shall be available for allocation	Not less than 35% of the Issue shall be available for allocation
Basis of Allotment, if respective category is oversubscribed**	<p>Proportionate as follows:</p> <p>(a) 92,925 Equity Shares, constituting 5% of the Net QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds;</p> <p>(b) 1,765,575 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above</p>	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000.00 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000.00 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that

Particulars	Qualified Institutional Bidders	Institutional Bidders	Retail Individual Bidders
	as applicable to the Bidder		the Bid Amount does not exceed ₹ 200,000.00
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.
Allotment Lot	[●] Equity Shares in multiples of one Equity Shares.	[●] Equity Shares in multiples of one Equity Shares.	[●] Equity Shares in multiples of one Equity Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds, (subject to applicable laws) with minimum corpus of ₹ 250 mn. and pension funds with minimum corpus of ₹ 250 mn. in accordance with applicable law, National Investment Fund set up by Government of India and insurance funds set up and managed by the army, navy and air force of the Union of India, insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000.00 in value.
Terms of Payment	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

*\*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of our Company, the GC-BRLM and BRLM, the Designated Stock Exchange and subject to applicable provisions of SEBI ICDR Regulations.*

*\*\*Our Company may allocate 30% of the QIB Portion to Anchor Investors on discretionary basis. The QIB Portion includes Anchor Investor Portion, as per the SEBI ICDR Regulations. Anchor Investor Margin Amount shall be payable at the time of submission of the application form by the Anchor Investor. In addition, one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For further details, please refer to section titled "Issue Procedure" beginning on page 309 of the Draft Red Herring Prospectus.*

*\*\*\*In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.*

## ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders, other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid Cum Application Form.

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

**Our Company and the GC-BRLM and the BRLM are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus.**

### Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, not less than 15% of the Issue would be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

All Bidders, other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through the GC-BRLM or BRLM or its affiliates or the Syndicate Members. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the GC-BRLM or BRLM.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the members of the Syndicate. Bids by QIBs will only have to be submitted through the GC-BRLM or the BRLM or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of the GC-BRLM or the BRLM or Syndicate Member for making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders. The QIBs who bid through the ASBA process shall submit their

Bids to the designated branch of the SCSBs and should intimate one of the GC-BRLM or BRLM, as the case may be.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB) the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by SEBI and / or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	[●]
<b>ASBA Bidders</b>	
Residential ASBA Bidders	[●]
Non-resident ASBA Bidders	[●]
Anchor Investors*	[●]

\* Bid cum Application forms for Anchor Investors shall be made available at the office of the GC-BRLM and BRLM and at the Syndicate Members

#### Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of ₹ 250 mn. and who are authorized under their constitution to hold and invest in equity shares;
14. Pension funds a with minimum corpus of ₹ 250 mn. and who are authorized under their constitution to hold and invest in equity shares;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India;
17. Insurance funds set up and managed by the Department of Posts, India;
18. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;

19. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
20. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and
21. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

**As per the existing regulations, OCBs are not eligible to participate in this Issue.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

#### **Participation by associates and affiliates of GC-BRLM and BRLM and other Syndicate Members**

The GC-BRLM, BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the GC-BRLM, BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the Net QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

The GC-BRLM, BRLM and any persons related to the GC-BRLM or BRLM, the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

*As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:*

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

**No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

#### **Bids by Eligible NRIs**

Bid cum Application forms ([●] in colour) have been made available for Eligible NRIs applying on a repatriation basis at the Registered Office of our Company, the GC-BRLM, the BRLM, Syndicate Members and with select members of the Syndicate.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non-repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians ([●] in colour) and shall not use the forms meant for Eligible NRIs ([●] in colour). All instruments accompanying bids shall be payable in Mumbai only.

## Bids by FIIs

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The Issue of Equity Shares to a single FII should not exceed 10% of the total post Issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total post Issue paid-up capital of our Company or 5% of our total post Issue paid-up capital in case such sub-account is a foreign corporate or foreign individual.

As of now, in accordance with the foreign investment limits applicable to us and pursuant to the resolution passed by our Shareholders in the Extraordinary General Meeting held on September 20, 2010, the total foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue paid-up capital).

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the “SEBI FII Regulations”), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the GC-BRLM, BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

## Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

## Bids under the Anchor Investor Portion

Our Company may, in consultation with the GC-BRLM and BRLM, consider participation by Anchor Investors in the Issue for upto 796,500 Equity Shares in accordance with the applicable SEBI ICDR Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs as defined in the SEBI ICDR Regulations;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 100 mn. and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 mn..
- c. One-third of the Anchor Investor Portion (i.e., 266,500 Equity Shares) shall be reserved for allocation to domestic Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
  - two, where the allocation under Anchor Investor Portion is upto ₹ 2,500 mn.; and



- five, where the allocation under Anchor Investor Portion is more than ₹ 2,500 mn.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one Working Day prior to the Bid / Issue Opening Date). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
- f. Our Company shall, in consultation with the GC-BRLM and BRLM, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- g. Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the GC-BRLM and BRLM, before opening of Bidding on the Bid/ Issue Opening Date.
- i. Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of thirty days from the date of Allotment in the Issue.
- k. Neither the GC-BRLM nor BRLM, nor any person related to the GC-BRLM and BRLM, our Promoters, members of our Promoter Group or Group Entities, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “**Max Flex Public Issue – Escrow Account – Anchor Investor - R**”;
  - In case of Non-Resident Anchor Investor: “**Max Flex Public Issue – Escrow Account – Anchor Investor - NR**”

**Anchor Investors are advised to note that Anchor Investors cannot Bid using ASBA process.**

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/ Issue Opening Date.

**The above information is given for the benefit of the Bidders. Our Company and the GC-BRLM and BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.**

#### **Maximum and Minimum Bid Size**

**For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000.00. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000.00. Where the Bid Amount is over ₹ 200,000.00 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

**For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds ₹ 200,000.00 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of Bid.**



In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000.00 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000.00 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-off Price.

**For Bidders in the Anchor Investor Portion:** Only QIBs can participate in the Anchor Investor Portion. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is for ₹ 100 mn. or more and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the entire Bid amount at the time of submission of the Bid. If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

**Bidders are advised to make independent queries to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.**

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described in the section "Issue Procedure - Payment of Refund" beginning on page 309 of the Draft Red Herring Prospectus.

#### **Information for Bidders**

1. Our Company and the GC-BRLM along with the BRLM shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by at least additional three Working Days, subject to the total Bidding Period not exceeding ten Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one regional newspaper, each with wide circulation in the place where our registered Office is situated and also by indicating the change on the websites of the GC-BRLM and of the BRLM and at the terminals of the members of the Syndicate.
5. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from the members of the Syndicate or the SCSBs.

6. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
7. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the GC-BRLM or BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

**Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.**

### **Method and Process of Bidding**

- a. Our Company in consultation with the GC-BRLM and BRLM, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/ Issue Opening Date. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the GC-BRLM and BRLM, including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.
- b. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the GC-BRLM and BRLM, and at the terminals of the members of the Syndicate.
- c. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed

under the paragraph titled “Build up of the Book and Revision of Bids”. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.

- e. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction registration Slip, (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
- f. The GC-BRLM and BRLM shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.
- g. During the Bid/ Issue Period, Bidders (other than QIBs), who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- h. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled ‘*Payment Instructions*’ of the Draft Red Herring Prospectus.
- i. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- j. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- k. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- l. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Bids at Different Price Levels and Revision of Bids**

The Bidders can Bid at any price within the Price Band, in multiples of Re. 1. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the GC-BRLM and BRLM, and advertised in three daily newspapers (one in English, one in Hindi, and in one regional daily newspaper, with wide circulation, where the Registered Office of our Company is situated,) at least two Working Days prior to the Bid/ Issue Opening Date.

1. In accordance with SEBI ICDR Regulations, our Company, in consultation with the GC-BRLM and BRLM, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20%

of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

2. Our Company in consultation with the GC-BRLM and BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. Our Company, in consultation with the GC-BRLM and BRLM, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
4. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ₹ 200,000.00 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band, (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 200,000.00, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.
8. Our Company, in consultation with the GC-BRLM and BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.
9. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

**IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALISED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES**

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**AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations, guidelines and approvals.

**Escrow Mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, please refer to “*Issue Procedure – Payment Instructions*” on page 309 of the Draft Red Herring Prospectus.

**Electronic Registration of Bids**

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The GC-BRLM, BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/ Issue Closing Date.
- (c) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the GC-BRLM and BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
- (d) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (e) At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
  - Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
  - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
  - Numbers of Equity Shares Bid for;
  - Bid Amount;
  - Price option;
  - Cheque Amount;
  - Cheque Number;
  - Bid cum Application Form number;



- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
- ASBA Bid cum Application Form Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:

Retail	Non-institutional	QIBs
(No sub category)	-Individual	- Mutual Funds
	- Corporate	- Financial Institutions
	- Other	- Insurance companies
		- Foreign Institutional Investors other than corporate and individual
		- Sub- accounts
		- Others

- DP ID and client identification number
  - Quantity
  - Price
  - Bank Account Number
  - Cheque Number
  - Cheque Amount
- (f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the GC-BRLM or by the BRLM or the Syndicate Member or our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders, bidding in the Net QIB Portion, the GC-BRLM or BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds.
- (i) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the GC-BRLM and BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after

which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the GC-BRLM, BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

- (k) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE. In the event such Bid Amount has not been blocked, the Anchor Investor's Bid shall be rejected.

#### **Build Up of the Book and Revision of Bids**

- (a) Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the GC-BRLM and BRLM on a regular basis at the end of the Bid/ Issue Period.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000.00, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
- (h) Our Company in consultation with the GC-BRLM and BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form



of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

- (j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (k) The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.

### **Price Discovery and Allocation**

After the Bid/ Issue Closing Date, the GC-BRLM and BRLM will analyse the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with the GC-BRLM and BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

- (a) Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
- (b) Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (c) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories or a combination of categories, at the discretion of our Company in consultation with the GC-BRLM and BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 92,925 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the GC-BRLM and BRLM.
- (d) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the GC-BRLM and BRLM, subject to compliance with the SEBI ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.
- (e) Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/ Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/ Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.
- (g) In terms of SEBI ICDR Regulations, QIB Bidders bidding in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date. Further the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/ Issue Period.
- (h) If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.

- (i) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

- (a) Our Company, the GC-BRLM, BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company and the GC-BRLM and BRLM would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

### **Filing with the RoC**

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language newspaper with wide circulation, where the Registered Office of our Company is situated.

### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after filing of the Prospectus with the RoC in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation, where the Registered Office of our Company is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

### **Issuance of Confirmation of Allocation Note ("CAN")**

- (a) Upon approval of Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the GC-BRLM, BRLM and Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
- (b) The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
- (d) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" as set forth below.

### **Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

A physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and the GC-BRLM and BRLM, select Anchor Investors may be sent a Anchor Investor Allocation Notice, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

#### **Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs**

QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The CAN will constitute the valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

#### **Designated Date and Allotment of Equity Shares**

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within ten Working Days of the Bid/Issue Closing Date.
2. As per SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.**

#### **General Instructions**

##### **Do's:**

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the Bid cum Application Form;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the GC-BRLM and BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- e) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- f) Ensure that you have requested for and receive a TRS for all your Bid options;
- g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;

- h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- k) Ensure that the Bid is within the Price Band;
- l) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- m) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
- n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

#### **Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
- d) Do not pay the Bid amount in cash, by money order or by postal order;
- e) Do not provide your GIR number instead of your PAN number.
- f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- g) Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);
- h) Do not Bid for a Bid Amount exceeding ₹ 200,000.00 (for Bids by Retail Individual Bidders);
- i) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- j) Do not submit Bid accompanied with Stock invest;
- k) Do not submit the Bid without the full Bid Amount.

#### **Instructions for completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).**

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct and legible.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of ₹ 200,000.00.
- (e) For Non-institutional and QIB Bidders, bidding under the Net QIB Portion, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000.00 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds ₹ 200,000.00 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to

ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

- (f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100.00 mn. and in multiples of [●] Equity Shares thereafter.
- (g) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of the Permanent Account Number of the Sole/ First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS/ NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the GC-BRLM nor the BRLM, or the Registrar to the Issue or Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders (where refunds are not being made electronically)/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the GC-BRLM nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

#### **Bids under Power of Attorney**



In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds and pension funds with a minimum corpus of ₹ 250 mn. (subject to applicable law), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250 mn. (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 mn., a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the GC-BRLM along with the BRLM may deem fit. Our Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.**

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable ([•] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of upto ₹ 200,000.00 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000.00 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**Payment Instructions**

**Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company, the Syndicate Members, the GC-BRLM and BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the GC-BRLM, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue and GC-BRLM along with the BRLM to facilitate collection from the Bidders.

### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

### **Payment into Escrow Account for Bidders other than ASBA Bidders:**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
3. The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - (a) In case of Resident QIB Bidders: **"Escrow Account – Max Flex Public Issue - QIB - R"**;
  - (b) In case of Non-Resident QIB Bidders: **"Escrow Account – Max Flex Public Issue - QIB - NR"**;
  - (c) In case of Resident Retail and Non Institutional Bidders: **"Escrow Account – Max Flex - Public Issue - R"**;
  - (d) In case of Non Resident Retail and Non Institutional Bidders: **"Escrow Account – Max Flex - Public Issue - NR"**;



4. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account 'SPNR' along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account 'SPNR'.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.
10. No later than ten Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.
11. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

#### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

#### **Payment by cash / money order**

Payment through cash/ money order shall not be accepted in this Issue.

#### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

## **Other Instructions**

### *Joint Bids in the case of Individuals*

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments/ refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### *Multiple Bids*

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- 
- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicates the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

## **Permanent Account Number ("PAN")**

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

## Right to Reject Bids

In case of QIB Bidders, bidding under the Net QIB Portion, our Company, in consultation with the GC-BRLM and BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ ECS/ NECS/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

## Grounds for Technical Rejections

Bidders are advised to note that Bids may be liable to be rejected among others on the following technical grounds:

- 1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) Age of the First Bidder;
- 5) PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 6) Bids for lower number of Equity Shares than specified for that category of investors;
- 7) Bids at a price less than the Floor Price;
- 8) Bids at a price more than the Cap Price;
- 9) Submission of more than five ASBA Bid cum Application forms per bank account;
- 10) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 11) Bids for number of Equity Shares which are not in multiples of [●];
- 12) Category not ticked;
- 13) Multiple bids as defined in the Draft Red Herring Prospectus;
- 14) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15) Bids accompanied by Stock invest/ money order/ postal order/ cash;
- 16) Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 17) Bid cum Application Form does not have the stamp of the GC-BRLM or BRLM or Syndicate Member;

- 18) ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;
- 19) Bids by QIBs not submitted through the GC-BRLM/ BRLM / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the GC-BRLM/ BRLM/ Syndicate Members;
- 20) Bid cum Application Form does not have Bidder's depository account details;
- 21) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
- 22) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 23) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 25) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- 26) Bids by persons in the United States;
- 27) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- 28) Bids not uploaded on the terminals of the Stock Exchanges;
- 29) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 30) Bids by OCBs;
- 31) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
- 32) ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- 33) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ₹ 200,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
- 34) Bids by NRIs not disclosing their residential status;
- 35) Submission of Bids by Anchor Investors through ASBA process;

### **Basis of Allotment or Allocation**

#### **For Retail Individual Bidders**

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 1,858,500 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
4. If the aggregate demand in this category is greater than 1,858,500 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

#### **For Non-Institutional Bidders**

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 796,500 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 796,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

#### **For Qualified Institutional Bidders in the Net QIB Portion**

1. Bids received from the QIB Bidders bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
2. The Net QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
  - (a) In the first instance, allocation to Mutual Funds for upto 5% of the Net QIB Portion shall be determined as follows:
    - In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the Net QIB Portion.
    - In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
    - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs bidding in the Net QIB portion shall be determined as follows:
    - Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
    - In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the Net QIB Portion.

- Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

The aggregate Allotment available for allocation to QIB Bidders bidding in the Net QIB Portion shall not be more than [●] Equity Shares.

#### **For Anchor Investor Portion**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the GC-BRLM and BRLM, subject to compliance with the following requirements:
  - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
  - allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto ₹ 2,500 mn. and minimum number of five Anchor Investors for allocation more than ₹ 2,500 mn.
- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the GC-BRLM and BRLM before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

#### **Method of proportionate Basis of Allotment in the Issue**

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the GC-BRLM and BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for;
- The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the GC-BRLM and BRLM.

### Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the Net QIB Portion

#### A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2,000 mn. Equity Shares
2.	Allocation to QIB (50%)	1,000 mn. Equity Shares
3.	Anchor Investor Portion	300 mn. Equity Shares
4.	Portion available to QIBs other than Anchor Investors ((2) minus (3))	700 mn. Equity Shares
	Of which:	
	a. Allocation to MF (5%)	35 mn. Equity Shares
	b. Balance for all QIBs including MFs	665 mn. Equity Shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	5,000 mn. Equity Shares

#### B. Details of QIB Bids in the Net QIB Portion

(₹ in mn.)		
Sr. No.	Type of QIB bidders <sup>#</sup>	No. of Equity Shares bid for
1.	A1	500
2.	A2	200
3.	A3	1,300
4.	A4	500
5.	A5	500
6.	MF1	400
7.	MF2	400
8.	MF3	800
9.	MF4	200
10.	MF5	200
	Total	5,000

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

#### C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB bidders	Equity Shares bid for (in mn.)	Allocation of 35 mn. Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 mn. Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	67.0	0
A2	200	0	26.8	0
A3	1,300	0	174.1	0
A4	500	0	67.0	0
A5	500	0	67.0	0
MF1	400	7	52.6	59.6
MF2	400	7	52.6	59.6
MF3	800	14	105.3	119.3
MF4	200	3.5	26.3	29.8
MF5	200	3.5	26.3	29.8
	<b>5,000</b>	<b>35</b>	<b>665.0</b>	<b>298.2</b>



Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the section titled “*Issue Structure*” beginning on page 307 of the Draft Red Herring Prospectus.
2. Out of 700 mn. Equity Shares allocated to QIBs, 35 mn. (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 mn. Equity Shares in QIB category.
3. The balance 665 mn. Equity Shares (i.e. 700-35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 mn. Equity Shares (including five MF applicants who applied for 2,000 mn. Equity Shares).
4. The figures in the fourth column entitled “Allocation of balance 665 mn. Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 665 / 4965.
  - For Mutual Funds (MF1 to MF5) = ((No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)) X 665 / 4965.
  - The numerator and denominator for arriving at allocation of 700 mn. Equity Shares to the 10 QIBs are reduced by 35 mn. Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a. a tripartite agreement dated February 27, 2008 with NSDL, our Company and Registrar to the Issue; and
- b. a tripartite agreement dated February 14, 2008 with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s Identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with their Depository Participant.
- (g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- (h) The trading of the Equity Shares of our Company would be only in dematerialized form only for all investors.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.**

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years”.

### **PAYMENT OF REFUND**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition (“**MICR**”) code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the GC-BRLM nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company.
2. ECS/ NECS – Payment of refund would be done through ECS / NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque

leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 0.1 mn., has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS / NECS. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto ₹ 1,500 and through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within nine days of the Bid/ Issue Closing Date.

#### **Disposal of Applications and Application Monies**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten Working Days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS/ NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within ten Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within ten Working Days of the Bid/ Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within ten Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within eight Working Days from the Bid/ Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the ten Working Days from the Bid/ Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within eight days from the day our Company becomes liable to repay (i.e. ten Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

We shall give credit to the beneficiary account with Depository Participants within ten Working Days from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, if any, of value upto ₹ 1,500, by — "Under Certificate of Posting", and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within ten Working Days of the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within ten days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days from the Bid/Issue Closing Date.

### **Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue**

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than ten Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within ten Working Days from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within eight Working Days of the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

### **Undertaking by our Company**

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;

2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within twelve Working days of the Bid/ Issue Closing Date;
3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within ten Working days of the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within nine working days of the Bid/ Issue Closing Date.
6. That the instruction for electronic credit of Equity Shares/ refund orders/ intimation about the refund to non-resident Indians shall be completed within the specified time;
7. That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
8. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Our Company shall not have recourse to the Gross proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

#### **Withdrawal of the Issue**

Our Company, in consultation with the GC-BRLM and BRLM, reserves the right not to proceed with the Issue anytime within a period of two Working Days after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two Working Days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC in terms of the SEBI ICDR Regulations.

#### **Utilization of the Issue proceeds**

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

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- (d) Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

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## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “**Industrial Policy**”) of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**FDI**”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

*The above information is given for the benefit of the Bidders. Our Company and the GC-BRLM and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.*



## SECTION XI - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The Authorised capital of our Company is ₹ 200,000,000.00 divided into 20,000,000 Equity Shares of ₹ 10 each.

Title of the Article	Article Number and contents
Share Capital	3. The authorised share capital of the Company shall be as per paragraph 5 of the Memorandum of Association of the Company with power to increase or reduce the share capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, or such other rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided by the regulations of the Company and consolidate, sub-divide the shares and issue shares of higher or lower denomination. Further, the Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of nonvoting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect: a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. b) No such Shares shall be redeemed unless they are fully paid. c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed. d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the

Title of the Article	Article Number and contents
	<p>share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.</p> <p>e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.</p>
Reduction of capital	<p>10. The Company may (subject to the provisions of section 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>a) the share capital;</p> <p>b) any capital redemption reserve account; or</p> <p>c) any security premium account.</p> <p>in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>
Purchase of own Shares	<p>11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.</p>
Sub-division consolidation and cancellation of Shares	<p>12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.</p>
Title of the Article	Article Number and contents
Modification of rights	<p>13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.</p> <p>The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be varied by the creation or issue of further Shares ranking pari passu therewith.</p>
Title of the Article	Article Number and contents
Restriction on allotment and return of allotment	<p>14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.</p>
Further issue of shares	<p>15.</p> <p>1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:</p> <p>a. Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date;</p> <p>b. The offer aforesaid shall be made by a notice specifying the number of Shares</p>

Title of the Article	Article Number and contents
	<p>offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined;</p> <p>c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;</p> <p>d. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.</p> <p>2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.</p> <p>a. If a Special Resolution to that effect is passed by the Company in General Meeting; or</p> <p>b. Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.</p> <p>3) Nothing in sub-clause (c) of (1) hereof shall be deemed;</p> <p>a. To extend the time within which the offer should be accepted; or</p> <p>b. To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:</p> <p>i. To convert such debentures or loans into Shares in the Company; or</p> <p>ii. To subscribe for Shares in the Company</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and</p> <p>b. In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.</p>
Shares at the disposal of the Directors	<p>16.</p> <p>1) Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p> <p>2) Subject to the provisions of section 81(1A) of the Act, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, provision of these articles and such other rules, procedures, Regulations and Guidelines as may be applicable any preferential issue of equity shares/warrants/fully convertible debentures/partially convertible debentures or any other financial instruments by the company which would be</p>

Title of the Article	Article Number and contents
	<p>converted into or exchanged with equity shares at a later date shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times either at par or at a premium and for such consideration as the Board thinks fit.</p>
<p>Power to offer Shares/options to acquire Shares</p>	<p>16A</p> <ol style="list-style-type: none"> <li>i. Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</li> <li>ii. In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</li> <li>iii. The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.</li> </ol>
<p>Application of premium received on Shares</p>	<p>17.</p> <ol style="list-style-type: none"> <li>1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.</li> <li>2) The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company: <ol style="list-style-type: none"> <li>a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</li> <li>b. In writing off the preliminary expenses of the Company;</li> <li>c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</li> <li>d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</li> </ol> </li> </ol>
<p>Power also to Company in General Meeting to issue Shares</p>	<p>18.</p> <p>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>
<p>Power of General Meeting to authorize Board to offer Shares/Options to employees</p>	<p>18A</p> <p>Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may</p>

Title of the Article	Article Number and contents
	<p>be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose. In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
Shares at a discount	<p>19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:</p> <ol style="list-style-type: none"> <li>The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;</li> <li>The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and</li> <li>The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</li> </ol>
Installments of Shares to be duly paid	<p>20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.</p>
The Board may issue Shares as fully paid-up	<p>21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.</p>
Acceptance of Shares	<p>22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.</p>
Deposit and call etc., to be debt payable	<p>23. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.</p>
Liability of Members	<p>24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p>
Dematerialisation of securities	<p>25.(A) Definitions</p> <p>Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository.</p> <p>SEBI "SEBI" means the Securities and Exchange Board of India as established under section 3 of Securities and Exchange Board of India Act, 1992.</p>

Title of the Article	Article Number and contents
	<p>Bye-Laws “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;</p> <p>Depositories Act “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;</p> <p>Depository “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;</p> <p>Record “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;</p> <p>Regulations “Regulations” mean the regulations made by SEBI;</p> <p>Security/ Securities “Security” means such security/ securities as may be specified by SEBI.</p> <p>25.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p>
Options to receive security certificates or hold securities with depository	<p>25.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p>
Securities in depositories to be in fungible form	<p>25.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153,153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p>
Rights of depositories and beneficial owners	<p>25.(E) 1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; 2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; 3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</p>
Option to opt out in respect of any security	<p>25.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.</p>
Share certificate	<p>26. a. Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. b. Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them. c. The Board may, from time to time, subject to the provisions of the Act and</p>



Title of the Article	Article Number and contents
	these Articles sub-divide/consolidate Share Certificates.
Limitation of time for issue of certificates	<p>26A.</p> <p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p>
Renewal of share certificates	<p>27.</p> <p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
Issue of new certificate in place of one defaced, lost or destroyed	<p>28.</p> <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	<p>29.</p> <p>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Company not bound to recognize any interest in Shares other than of registered holder	<p>35.</p> <p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p>
Trust recognised	<p>36.</p> <p>a. Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice</p>



Title of the Article	Article Number and contents
	<p>thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p> <p>b. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p>
Funds of Company not to be applied in purchase of Shares of the Company	<p>38.</p> <p>No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.</p>

## UNDERWRITING AND BROKERAGE

Title of the Article	Article Number and contents
Commission may be paid	<p>39.</p> <p>Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.</p>
Brokerage	<p>40.</p> <p>The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.</p>
Commission to be included in the annual return	<p>41.</p> <p>Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.</p>

## INTEREST OUT OF CAPITAL

Title of the Article	Article Number and contents
Interest out of capital	<p>42.</p> <p>Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.</p>

## DEBENTURES

Title of the Article	Article Number and contents
Debentures with voting rights not to be issued	<p>43.</p> <p>a. The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.</p> <p>b. The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</p>

Title of the Article	Article Number and contents
	<p>c. Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</p> <p>d. Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.</p> <p>e. A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.</p> <p>f. Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.</p> <p>g. The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.</p> <p>h. The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.</p>

## CALLS

Title of the Article	Article Number and contents
Directors may make calls	<p>44.</p> <p>a. Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.</p> <p>b. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.</p>
Notice of call when to be given	<p>45.</p> <p>Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.</p>
Call deemed to have been made	<p>46.</p> <p>A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.</p>
Directors may extend time	<p>47.</p> <p>The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.</p>
Amount payable at fixed time or by installments to be treated as calls	<p>48.</p> <p>If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.</p>
When interest on call or installment payable	<p>49.</p> <p>If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest</p>

Title of the Article	Article Number and contents
Evidence in action by Company against share holder	<p>wholly or in part.</p> <p>50.</p> <p>On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
Payment in anticipation of calls may carry interest	<p>51.</p> <p>The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.</p>

## LIEN

Title of the Article	Article Number and contents
Partial payment not to preclude forfeiture	<p>52.</p> <p>Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.</p>
Company's lien on Shares/ Debentures	<p>53.</p> <p>The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article. Further, the fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;</p>
As to enforcing lien by sale	<p>54.</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-</p> <ol style="list-style-type: none"> <li>Unless a sum in respect of which the lien exists is presently payable; or</li> <li>Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or</li> </ol>

Title of the Article	Article Number and contents
	insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members
	c. The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	55. a. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and b. The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

## FORFEITURE OF SHARES

Title of the Article	Article Number and contents
If money payable on Shares not paid notice to be given	56. If any Member fails to pay the whole or any part of any call or any instalments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
	63.

<b>Title of the Article</b>	<b>Article Number and contents</b>
Effects of forfeiture	The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul Forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65 a. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of non-payment of any sum.	66. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of forfeited Shares	67. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	70. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

## TRANSFER AND TRANSMISSION OF SHARES

<b>Title of the Article</b>	<b>Article Number and contents</b>
No transfers to minors etc.	71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Title of the Article	Article Number and contents
Instrument of transfer	<p>72.</p> <p>The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Further, a common transfer form shall be used.</p>
Application for Transfer	<p>73.</p> <p>a. An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.</p> <p>b. Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice</p> <p>c. For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.</p>
Execution of transfer	<p>74.</p> <p>The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.</p>
Transfer by legal representatives	<p>75.</p> <p>A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.</p>
Register of Members etc when closed	<p>76.</p> <p>The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.</p>
Directors may refuse to register transfer	<p>77.</p> <p>Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on partly paid up Shares.</p>
Death of one or more joint holders of Shares	<p>78.</p> <p>In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.</p>
Titles of Shares of deceased Member	<p>79.</p> <p>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first</p>



Title of the Article	Article Number and contents
	<p>obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.</p>
Notice of application when to be given	<p>80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.</p>
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	<p>81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".</p>
Refusal to register nominee	<p>82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>
Person entitled may receive dividend without being registered as a Member	<p>83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.</p>
No fee on transfer or transmissions	<p>84. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate &amp; Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.</p>
Transfer to be presented with evidence of title	<p>85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.</p>
Company not liable for disregard of a notice prohibiting registration of transfer	<p>86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.</p>

## SHARE WARRANTS

Title of the Article	Article Number and contents
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<b>Title of the Article</b>	<b>Article Number and contents</b>
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant (b) Not more than one person shall be recognized as depositor of the Share warrant (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor
Privileges and disabilities of the holders of share warrant	89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

## CONVERSION OF SHARES INTO STOCK AND RECONVERSION

<b>Title of the Article</b>	<b>Article Number and contents</b>
Share may be converted into stock	91. The Company may, by Ordinary Resolution: Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.
Transfer of stock	92. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	94. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

## BORROWING POWERS

<b>Title of the Article</b>	<b>Article Number and contents</b>
Power to borrow	95.

Title of the Article	Article Number and contents
The payment or repayment of moneys borrowed	<p>Subject to the provisions of Sections 58A, 292 &amp; 293(1)(d) of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.</p> <p>96.</p> <p>The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.</p>
Bonds, Debentures, etc. to be subject to control of Directors	<p>97.</p> <p>Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.</p>
Terms of issue of Debentures	<p>98.</p> <p>Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.</p>
Mortgage of uncalled capital	<p>99.</p> <p>If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.</p>

## MEETING OF MEMBERS

Title of the Article	Article Number and contents
Statutory meeting	<p>100.</p> <p>The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business and the provisions related to the Statutory Report shall be complied with.</p>
Annual General Meeting	<p>101.</p> <p>The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may</p>

Title of the Article	Article Number and contents
	<p>determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.</p>
Report statement and registers to be laid before the Annual General Meeting	<p>102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.</p>
Extra-Ordinary General Meeting	<p>103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.</p>
Requisitionists' meeting	<p>104. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting. (2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all. (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter. (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless: (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company. (i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting. (ii) the case of any other requisition, not less than two weeks before the Meeting, and (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General</p>

Title of the Article	Article Number and contents
	<p>Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p>(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p>(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.</p>
Extra-Ordinary General Board Meeting and requisition	<p>105.</p> <p>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p>
Contents of requisition, and number of requisitionists required and the conduct of Meeting	<p>106.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves ; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub-clauses (c) of clause (1) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
Length of notice of Meeting	<p>107.</p> <p>(1) A General Meeting of the Company may be called by giving not less than</p>

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Contents and manner of service of notice	<p>twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.</p> <p>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p> <p>108</p> <p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p>(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company.</p> <p>PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.</p> <p>(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.</p>
Special and ordinary business and explanatory statement	<p>109.</p> <p>(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to</p> <p>(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;</p> <p>(ii) the declaration of dividend;</p> <p>(iii) the appointment of Directors in the place, of those retiring; and</p> <p>(iv) the appointment of, and the fixing of the remuneration of the Auditors, and</p> <p>(b) In the case of any other meeting, all business shall be deemed special.</p> <p>(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.</p> <p>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.</p> <p>(3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p>
Omission to give notice not to invalidate proceedings	<p>110.</p> <p>The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the</p>

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	proceedings of any such Meeting.
Notice of business to be given	111. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	112. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	113. If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	114. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	115. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	115(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
Business confined to election of Chairman whilst the Chair is vacant	116. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting. (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof



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	of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Appointment of scrutineers	123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

## DIRECTORS

Title of the Article	Article Number and contents
Number of Directors	144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	144A. The First Directors of the Company:-  <ol style="list-style-type: none"> <li>1. Mr. Hitesh Jobalia.</li> <li>2. Mrs. Dipti Jobalia.</li> <li>3. Mr. Nimesh Shah.</li> <li>4. Mrs. Nikita Shah.</li> <li>5. Mr. Kirti Doshi.</li> </ol>
Debenture Directors	146. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	147. a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans



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	<p>granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.</p>
Special Director	<p>148.</p> <p>The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or it shall have the right to appoint him or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit.</p> <p>Such nominee and their successors in office appointed under this Article shall be called "Special Director" of the Company.</p> <p>The Special Directors appointed under this Article shall be entitled to receive all notices of and attend all General Metting, Board Meeting and meetings of the committee of which the Special Director/s is/are members/s as also the minutes of such meetings. Such Special Directors shall not be required to hold any qualification shares nor be liable to retire by rotation.</p> <p>The Special Directors appointed hereof shall be entitled to hold office until requested to retire by the Person, firm or corporation which may have appointed him/them and not will be liable to retire by rotation. As and when the Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the Person, firm corporation who are orwhich appointed such Director</p>

Title of the Article	Article Number and contents
	may appoint any other Director in his place. A Special Director may, at any time, by notice in writing to the Company resign his office. Subject as aforesaid a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as may other Director of the Company
Limit on number of retaining Directors	149. The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Directors may fill in vacancies	151. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	152. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	153. A Director need not hold any qualification shares.
Directors' sitting fees	154. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Disqualification of the Director	162. A person shall not be capable of being appointed Director of the Company if:- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	163. The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way whether directly or indirectly concerned or interested in a

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	<p>contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</p> <p>(i) he becomes disqualified by an order of the Court under Section 203 of the Act; or</p> <p>(j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or</p> <p>(k) if by notice in writing to the Company, he resigns his office, or</p> <p>(l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.</p>
Vacation of office by Directors (contd.)	<p>164. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162 hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	<p>165.</p> <p>(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>(b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p> <p>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p>

Title of the Article	Article Number and contents
Interested Directors not to participate or vote in Board's proceedings	<p>(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(h) Nothing contained in this Article shall be taken:-</p> <p>(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or</p> <p>(ii) as derogating from any power to remove a Director which may exist apart from this Article.</p> <p>166. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-</p> <p>(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;</p> <p>(i) in his being:</p> <p>(a) a director of such company; and</p> <p>(b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or</p> <p>(ii) in his being a member holding not more than two percent of its paid-up share capital.</p>
Director may be director of Companies promoted by the Company	<p>167. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.</p>

## ROTATION AND APPOINTMENT OF DIRECTORS

Title of the Article	Article Number and contents
Rotation of Directors	<p>169. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.</p>
Retirement of Directors	<p>170. Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.</p>
Retiring Directors	<p>171. Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.</p>
Appointment of Technical or Executive Directors	<p>172.</p> <p>a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.</p> <p>b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.</p> <p>173.</p>

<b>Title of the Article</b>	<b>Article Number and contents</b>
Ascertainment of Directors retiring by rotation and filling of vacancies	Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	174. A retiring Director shall be eligible for re-election and shall act as a Director throughout and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	175. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
Provision in default of appointment	176. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.  (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (iii) he is not qualified or is disqualified for appointment (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	177. Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	178. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

## MANAGING DIRECTOR

<b>Title of the Article</b>	<b>Article Number and contents</b>
Powers to appoint Managing Director	182. (1) Subject to the provisions of the Act, the Board may from time to time appoint one or more of their body to the office of Managing Directors for such period and on such terms it may think fit and subject to the terms of any agreement entered into with him may revoke such appointment, in making such appointment(s) the Board shall ensure compliance with the requirements of law and seek and obtain such approvals as are prescribed by the Act.  (2) Subject to the provisions of the Act and these Articles, the Managing Directors or Managing Director shall not while he or they continue to hold that office be subject to retirement by rotation but he or they shall subject to

Title of the Article	Article Number and contents
	the provisions of any contract between him and them and the Company, be subject to same provisions as to resignation and removal as the other Directors of the Company and he or they shall ipso-facto and immediately cease to be Managing Director or Managing Directors if he or they cease to hold the office of the Director for any cause.
	185. The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	186. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.
	187. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	188. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	189. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	189A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

## POWERS OF THE BOARD

Title of the Article	Article Number and contents
General powers of management vested in the Board of Directors	203. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
	Provided that the Board shall not, except with the consent of the Company in General Meeting :-
	(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the



Title of the Article	Article Number and contents
	<p>undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director,</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</p> <p>(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</p> <ol style="list-style-type: none"> <li>i. Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)</li> <li>ii. Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.</li> </ol>
<p>Certain powers to be exercised by the Board only at Meetings</p>	<p>204.</p> <p>(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <ol style="list-style-type: none"> <li>(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</li> <li>(b) the power to issue Debentures,</li> <li>(c) the power to borrow moneys otherwise than on Debentures,</li> <li>(d) the power to invest the funds of the Company, and</li> <li>(e) the power to make loans</li> </ol> <p>Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <ol style="list-style-type: none"> <li>(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</li> <li>(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.</li> <li>(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</li> </ol>
<p>Certain powers of the Board</p>	<p>205.</p> <p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in</p>



Title of the Article	Article Number and contents
	<p>the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <ol style="list-style-type: none"> <li>1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</li> <li>2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.</li> <li>3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</li> <li>4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</li> <li>5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</li> <li>6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</li> <li>7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</li> <li>8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</li> <li>9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</li> <li>10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</li> <li>11. Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</li> <li>12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.</li> <li>13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.</li> <li>14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.</li> <li>15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of</li> </ol>

Title of the Article	Article Number and contents
	<p>houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may</p>

Title of the Article	Article Number and contents
	annul or vary any such delegation.
	21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.
	22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
	23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
	24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.
	25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
	26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
	27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
	28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
	29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.
	30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.
	31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
	32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

Title of the Article	Article Number and contents
	33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
	34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

## DIVIDENDS AND CAPITALISATION OF RESERVES

Title of the Article	Article Number and contents
Division of profits	212. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;  (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	213. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	214. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	215. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	216. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance to carry interest, not the right to earn dividend	217. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	218. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	219. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	220. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	221. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	222. The dividend payable in cash may be paid by cheque or warrant sent through post

Title of the Article	Article Number and contents
	<p>directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.</p>
Notice of dividend	<p>223. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.</p>
Reserves	<p>224. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.</p>
Dividend to be paid within time required by law.	<p>225. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-</p> <ul style="list-style-type: none"> <li>(a) where the dividend could not be paid by reason of the operation on any law; or</li> <li>(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or</li> <li>(c) where there is dispute regarding the right to receive the dividend; or</li> <li>(d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or</li> <li>(e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.</li> </ul>
Unpaid or unclaimed dividend	<p>226. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank and to be called "Max Flex &amp; Imaging Systems Limited. ____ (year) Unpaid Dividend Account".</p> <p>Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.</p> <p>There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law</p>
Set-off of calls against dividends	<p>227. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.</p>
Dividends in cash	<p>228. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>

Title of the Article	Article Number and contents
Capitalisation	<p>229.</p> <p>(1)The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</p> <p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b)</p> <p>(3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	<p>230.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of above Article.</p>
Fractional certificates	<p>231.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(2)The Board shall have full power:</p> <p>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p>(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p>

## ACCOUNTS

Title of the Article	Article Number and contents
Statements of accounts to be furnished to General Meeting	<p>234.</p> <p>The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.</p>
Accounts to be audited	<p>236.</p> <p>Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.</p>



Title of the Article	Article Number and contents
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## REGISTERS AND DOCUMENTS

Title of the Article	Article Number and contents
Registers and documents to be maintained by the Company	<p>243.</p> <p>The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:</p> <ol style="list-style-type: none"> <li>Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act</li> <li>Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.</li> <li>Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.</li> <li>Foreign register, if so thought fit, as required by Section 157 of the Act</li> <li>Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.</li> <li>Register of Directors and Secretaries etc. as required by Section 303 of the Act.</li> <li>Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.</li> <li>Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.</li> <li>Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.</li> <li>Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.</li> </ol>
Inspection of Registers	<p>244.</p> <p>The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.</p>

## WINDING UP

Title of the Article	Article Number and contents
Distribution of assets	<p>245.</p> <p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.</p>
Distribution in specie or kind	<p>246.</p> <ol style="list-style-type: none"> <li>If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</li> <li>If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions</li> </ol>



Title of the Article	Article Number and contents
	<p>(except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	<p>247. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.</p>
Directors and others right to indemnity	<p>248. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.</p>
Director, officer not responsible for acts of others	<p>249. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.</p>

## SECRECY CLAUSE

Title of the Article	Article Number and contents
Secrecy Clause	<p>250. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in</p>

Title of the Article	Article Number and contents
	order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	251.
	No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

## SECTION XII - OTHER INFORMATION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 102, Prime Plaza, J. V. Patel Compound, Balasaheb Madhukar Marg, Elphinstone (West), Mumbai – 400 013 Maharashtra India from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

### **Material Contracts for Inspection**

1. Issue Agreement dated November 22, 2010 between our Company, GC-BRLM and BRLM to this Issue.
2. Memorandum of Understanding dated September 20, 2010 between our Company and Bigshare Services Private Limited as Registrar.
3. Escrow agreement dated [●] between us, the GC-BRLM, BRLM, Escrow Collection Banks, and the Registrar to the Issue
4. Syndicate agreement dated [●] between us, the GC-BRLM, BRLM, and the Syndicate Members.
5. Underwriting agreement dated [●] between us, the GC-BRLM, BRLM, and the Syndicate Members.
6. Investment Agreement dated November 03, 2010 entered into between our Company and Shanghai Lanquan Plastic Products Company Limited.
7. Technical Assistance Agreement dated November 03, 2010 entered into between our Company, Shanghai Lanquan Plastic Products Company Limited and Max Apollo Flex Digital Limited.
8. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and Shanghai Languan Plastic Products Company Limited.
9. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and Advanced Ink Technology Company Limited.
10. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and Guangzhou Xusen Coat Materials Company Limited.
11. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and Hong Kong Chun Cheong Indl. Limited.
12. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and Ningbo Yuanyuan Company Limited.
13. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and K & D (Shanghai) Industrial and Trading Company Limited.
14. Agreement for Contract Manufacturing dated September 27, 2010 entered into between our Company and The Second Film Factory of Luck Group.

### **Material Documents for Inspection**

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including Certificates of Incorporation of our Company dated October 25, 2002, June 06, 2008 and September 16, 2010.

2. EGM resolution dated September 20, 2010 and the resolution of the Board of Directors dated September 16, 2010 authorising the Issue.
3. Agreement dated October 01, 2010 entered into with Mr. Hitesh Jobalia for his appointment as Managing Director.
4. Agreement dated October 01, 2010 entered into with Mr. Nimesh Shah for his appointment as Whole Time Director.
5. Agreement dated October 01, 2010 entered into with Mr. Kirti Doshi for his appointment as Whole Time Director.
6. Reports of our Statutory Auditor, M/s. D. Kothary & Co. dated November 23, 2010 regarding restated financials of the Company for Fiscals 2006, 2007, 2008, 2009 and 2010 and for the three month period ended June 30, 2010.
7. Copy of the Statement of Tax Benefits report dated November 23, 2010 issued by our Statutory Auditor, M/s. D. Kothary & Co. Chartered Accountants.
8. Consents of Auditor, Bankers to the Company, GC-BRLM, BRLM, Legal Advisor to the Issue, Directors, Registrar to this Issue, Company Secretary and Compliance Officer as referred to, in their respective capacities.
9. In-principle listing approvals dated [●] and [●] from BSE and NSE.
10. Tripartite agreement between the NSDL, our Company and the Registrar dated February 27, 2008.
11. Tripartite agreement between the CDSL, our Company and the Registrar dated February 14, 2008.
12. Due diligence Certificate dated November 27, 2010 to SEBI from GC-BRLM and BRLM.
13. Consent of [●], the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
14. Certificate dated November 23, 2010 pertaining to funds already deployed until October 31, 2010 on respect of projects included in the Objects of the Issue, issued by M/s. D. Kothary & Co. Chartered Accountants.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

### SECTION XIII - DECLARATION

We, the Directors of our Company, hereby declare, that all the relevant provisions of the Companies Act, 1956, SEBI ICDR Regulations and guidelines issued by the Government of India, as the case may be, have been complied with and that no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or guidelines issued thereunder, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS OF Max Flex & Imaging Systems Limited**

Name	Designation	Signature
<b>Mr. Anup Banerji</b>	Chairman (Non- Executive)	Sd/-
<b>Mr. Hitesh Jobalia</b>	Managing Director (Executive)	Sd/-
<b>Mr. Nimesh Shah</b>	Whole Time Director (Executive)	Sd/-
<b>Mr. Kirti Doshi</b>	Whole Time Director (Executive)	Sd/-
<b>Mr. Mitil Chokshi</b>	Independent Director (Non- Executive)	Sd/-
<b>Mr. Ramakant Nayak</b>	Independent Director (Non- Executive)	Sd/-

**SIGNED BY THE WHOLE TIME DIRECTOR HEADING THE FINANCE FUNCTION**

Sd/-

Mr. Kirti Doshi

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER**

Sd/-

Ms. Neha Salia

Place: Mumbai

Date: November 27, 2010